

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>CITY OF SOUTH HAVEN</b>	County <b>ALLEGAN</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>8/25/05</b>	Date Accountant Report Submitted to State: <b>2/21/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

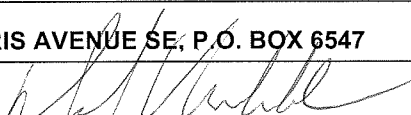
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>REHMANN ROBSON - DOUGLAS J. VREDEVELD, CPA, PRINCIPAL</b>			
Street Address <b>2330 EAST PARIS AVENUE SE, P.O. BOX 6547</b>		City <b>GRAND RAPIDS</b>	State <b>MI</b>
		ZIP <b>49516-6547</b>	
Accountant Signature 			Date <b>2/21/06</b>

**CITY OF SOUTH HAVEN, MICHIGAN**  
**VAN BUREN COUNTY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2005**

**Prepared by: Finance Department**

# CITY OF SOUTH HAVEN

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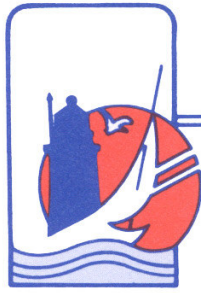
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# City of South Haven

City Hall • 539 Phoenix Street • South Haven, Michigan 49090-1499

Telephone (616) 637-0700 • FAX (616) 637-5319

August 26, 2005

Honorable Mayor,  
Members of City Council  
City of South Haven, Michigan

The comprehensive annual financial report of the City of South Haven for the fiscal year ended June 30, 2005, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City of South Haven. All disclosures necessary to enable the reader to gain an understanding of the City financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City organizational chart and a list of principal officials. The financial section includes management discussion and analysis, the financial statements and the combining and individual fund financial statements and schedules, supplementary information, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The comprehensive annual financial report complies with the reporting requirements of GASB 34.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The report includes all funds of the City of South Haven. The City provides a wide range of municipal services which include police protection; electric, water and wastewater services; the construction and maintenance of highways, streets, and other infrastructure; seasonal and transient marinas, boat launch and other recreation activities and cultural events. In addition to general City activities, the Building Authority is included in the reporting entity as a blended component unit. Component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations. The Downtown Development Authority, three Local Development Finance Authority



Districts and a Brownfield Redevelopment Authority are reported as separately presented component units. On January 1, 1996 the City of South Haven entered into a joint venture with the Townships of Casco, Geneva, and South Haven to provide fire protection and emergency medical services. The South Haven Area Emergency Services Authority (SHAES) is a separate legal entity and prepares separate audited financial statements. The City also collects tax revenues that are used to assist the operations of the South Haven Memorial Library, the South Haven Community Hospital and the South Haven Senior Services, all separate legal entities.

## **Government Structure, Local Economic Condition and Outlook**

The City of South Haven was incorporated as a Village in 1869 and as a City in 1902. The City is located in the southwest area of the State of Michigan where the Black River flows into Lake Michigan. The City of South Haven covers a land area of 3.5 square miles. With a 2000 Census population of 5,021, The City increases to over 15,000 during the summer boating and recreational season. In addition, the City provides electric, water and wastewater services in an area exceeding 60 square miles.

The City operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and a six-member council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of City departments. The City is divided into three wards of which two members are elected from each ward to four-year staggered terms. Three Council members are elected every two years on a non-partisan basis. The mayor is elected to a two-year term.

The State Equalized Value of real and personal property in the City has increased from \$151,936,963 in 1995 to \$394,321,100 in 2004 (fiscal year 2005). This growth trend is continuing. State Equalized Value for the year beginning July 1, 2005 has increased to \$420,516,300. The area unemployment rate in June of 2005 was 6.4 percent compared to a State of Michigan unemployment rate of 6.8 percent. Downtown Retail District storefronts have less than a 2% vacancy rate. Café Julia, a Delicatessen/Bakery/Coffee shop with a conference room located on site opened in FY 2005.

The City has three business/industrial parks where new businesses continue to develop and existing businesses continue to expand. The I-196 Business Park continues to attract new enterprises. Renal Care, a kidney dialysis facility in the I-196 Business Park, was completed in FY 2005. Comfort Suites completed a 61-unit motel in July of 2004.

Residential development and investment remains strong. Mariner's Cove, a 31-unit condo development along the Black River, was completed in fiscal 2005. Watertown Condos, a 20-unit development, and North Haven Townhouses with 22 single-family townhouse units were completed in fiscal 2005. Infrastructure construction for Sherman Hills, a 151 unit residential development, is in progress.

Planning approvals have been received for several substantial residential developments. Black River Condos, a 50-unit development, and Maple Gate, an 11-unit development, will start construction in FY 2006. The Preserve at Woodlawn Harbors has received approval for a 210-unit residential development. These units are scheduled to be built over a 10-year period. A 64-unit condominium project will be started in the spring of 2006 on the site of the former Central Elementary school. Environmental cleanup of the former National Motors site is complete and residential redevelopment plans have been approved for 240 units.

The City of South Haven is enjoying an expanding profile as a national and international tourist destination and a place where visitors from major metropolitan areas continue to purchase second homes.

There are six area and regional commercial bank branches and thrift institutions within the City serving the banking needs of the City and its residents and visitors.

Interstate 196 traverses the City with connections north and east to Grand Rapids and Lansing and south to Interstate 94. State highway M-43 connects South Haven to Kalamazoo area markets and the campus of Western Michigan University.

Lake Michigan Community College has a campus in South Haven and has partnered with Western Michigan University to offer classes in South Haven.

## **Major Initiatives**

For the Year. In the 2004-2005 operating budget, the City established the areas of Public Works Infrastructure; Economic Development; Public Safety; Intergovernmental Relations; Parks and Recreation; and Technology as priorities. These areas were addressed through attention to:

- Public Works Infrastructure – Renovation of the Huron Street Parking Lot was completed in fiscal 2005. The City completed major upgrades of the sanitary sewers, water, storm sewers and streets in the St. Joseph Street area and the Ravines. The reconstruction of Baseline Road started in fiscal 2005.
- Economic Development - In fiscal 2005 the City marketed the I-196 Business Park, along with vacant buildings in the community. The City of South Haven continued marketing the former public works property located along the Black River. A development agreement was reached for the 38,000 sq. foot former Bohn property located in the downtown area and owned by the City. Continued planning efforts for this site are anticipated during FY 2005-06.
- Public Safety - A substantial commitment of resources was directed to the support of public safety in fiscal year 2005. The Police Department and Dispatch Services constituted \$1,825,472 of the General Fund expenditures during the year. Payment to the South Haven Area Emergency Services Authority (SHAES) for fire and emergency services totaled \$566,535 from the General Fund. In total, over 50

percent of the General Fund operating budget was devoted to police and fire protection. In addition, expenditures from the separate Narcotics Fund were in excess of \$189,000. The Narcotics Fund financed the South Haven Police Department continued participation in the Southwest Enforcement Team (S.W.E.T.)

- Intergovernmental Relations - The City has continued to work with the Townships of Casco, South Haven and Covert to provide water and/or sewer services to the areas surrounding the City of South Haven. These expansions have been steady and ongoing since the City entered into an intergovernmental agreement for services in 1995. Negotiations were completed in fiscal 2001 for a five-year renewal (options to renew up to 25 years) of the South Haven Area Emergency Services Authority (SHAES) agreement. This agreement provides fire and emergency services for the City of South Haven and the Townships of Geneva, South Haven and Casco.
- Parks and Recreation – The City-owned portable ice rink was open during the winter months in the Huron Street Parking lot. Additional Dock space was constructed for the “Friends Good Will”, a tall ship replica that is part of the Michigan Maritime Museum’s display and operations.
- Technology Improvements - The City of South Haven improved its website to increase in usability and interactivity. Assessing records, agendas, minutes and other City records are now accessible via the Internet. The City upgraded equipment to improve the broadcast quality of Council meetings on public access cable TV.

For the Future. The 2005-2006 operating budget places emphasis on Infrastructure Improvements, Capital Projects, Economic Development, Technology Improvements and Recreation.

- Infrastructure Improvements - The City will be using the City’s Street millage and County Road millage to pay for extensive street improvements. Plans have been completed for road and utility improvements to Quaker Street as well as the sewer rehabilitation project. These projects are scheduled for completion in fiscal year 2006. The reconstruction of Baseline Road will be completed in FY 2006. Phase I of the Superior Street reconstruction will begin in FY 2006.
- Capital Projects - The City will work on the redevelopment of City owned land along the Black River that was previously used by the Public Works Department. This riverfront property lies within the City’s DDA District. It is anticipated that this process will take several years.
- Economic Development - The City of South Haven Brownfield Redevelopment Authority will continue working with five property owners on various grants and tax increment financing proposals in order that brownfield sites can become productive. Those sites include the Belgravia Building, the former Everett Building site, the National Motors site, all residential development projects, and two industrial projects - Wyckoff and Michigan Aluminum Alloys.

- Technology Improvements - The City of South Haven will be upgrading the computer servers to improve the City's computer network. The City will also work to improve on-line access to Assessing records, Tax records, Council Minutes and Agendas and other City documents.
- Recreation - The City will work to secure funding to purchase real estate for the development of a regional recreation center.

## **Financial Information**

Management of the City of South Haven is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal and state financial assistance, the City of South Haven is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control is subject to periodic evaluation by management staff of the City. The City was not subject to a Single Audit for the fiscal year ended June 30, 2005.

Budgetary Controls. The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the activity level. As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Debt Administration. The ratio of net general obligation debt to State Equalized Valuation and the amount of bonded debt per capita are useful indicators of City debt position to municipal management, citizens and investors. Data for fiscal year 2004-2005 and the previous four fiscal years are as follows:

JUNE 30,	NET GENERAL OBLIGATION BONDED DEBT	RATIO OF NET BONDED DEBT TO STATE EQUALIZED VALUE (50% OF MARKET VALUE)	NET BONDED DEBT PER CAPITA (2000 CENSUS)
2005	\$9,705,000	2.45%	\$1,925
2004	10,155,000	2.94	2,015
2003	10,570,000	3.35	2,098
2002	5,140,000	1.83	1,017
2001	1,725,000	0.65	325

Tax supported debt remains well under 10 percent of SEV, which is a often a benchmark used by credit rating agencies.

In October of 2001, Standard and Poor's gave the City of South Haven's General Obligation Debt an A- rating.

In December of 2002, Standard and Poor's and Fitch Ratings gave the City of South Haven's General Obligation Debt an A rating.

The Rating Committee of Moody's Investors Services reviewed and assigned an A3 rating for the City of South Haven Electric Utility System Revenue bonds in December 1999.

Based on a 2004 State Equalized Value (SEV) of \$394,321,100, the remaining legal debt margin of the City for special assessment bonds exceeds \$47,000,000 and for general obligation bonds the legal debt margin is over \$26,000,000.

Cash Management. Cash temporarily idle during the year was invested in bank demand deposits, certificates of deposit, commercial paper, obligations of the U.S. Treasury, and U.S. Government agencies as permitted by State law and City policy. The maturities of investments generally range from 3 months to 5 years. The average yield on investments for the year was 2.47 percent, compared to 2.02 percent in fiscal year 2004. Investment income was \$334,965 for the year.

Risk Management. As of June 30, 2005, the City of South Haven participated in two public entity risk pools. The Michigan Municipal Risk Management Authority pool provided insurance coverage for liability, auto, crime, and property damage risks. The Michigan Municipal Liability and Property Pool provided coverage for workers' compensation.

## **Other Information**

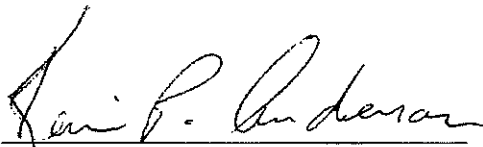
Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was selected by the City of South Haven to perform the June 30, 2005 audit. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This is the sixth consecutive year the City received this award. In order to be awarded a Certificate of Achievement, the City of South Haven published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

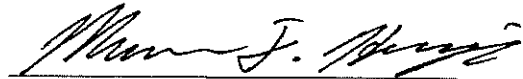
A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements. The preparation of these statements could not have been accomplished without the efficient and dedicated services of the entire staff of the City of South Haven. Credit should also be given to the South Haven City Council for their interest and support in planning and conducting the operations of the City of South Haven in a responsible and progressive manner.

Sincerely,



Kevin P. Anderson, City Manager



Marvin F. Hinga, Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Haven,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

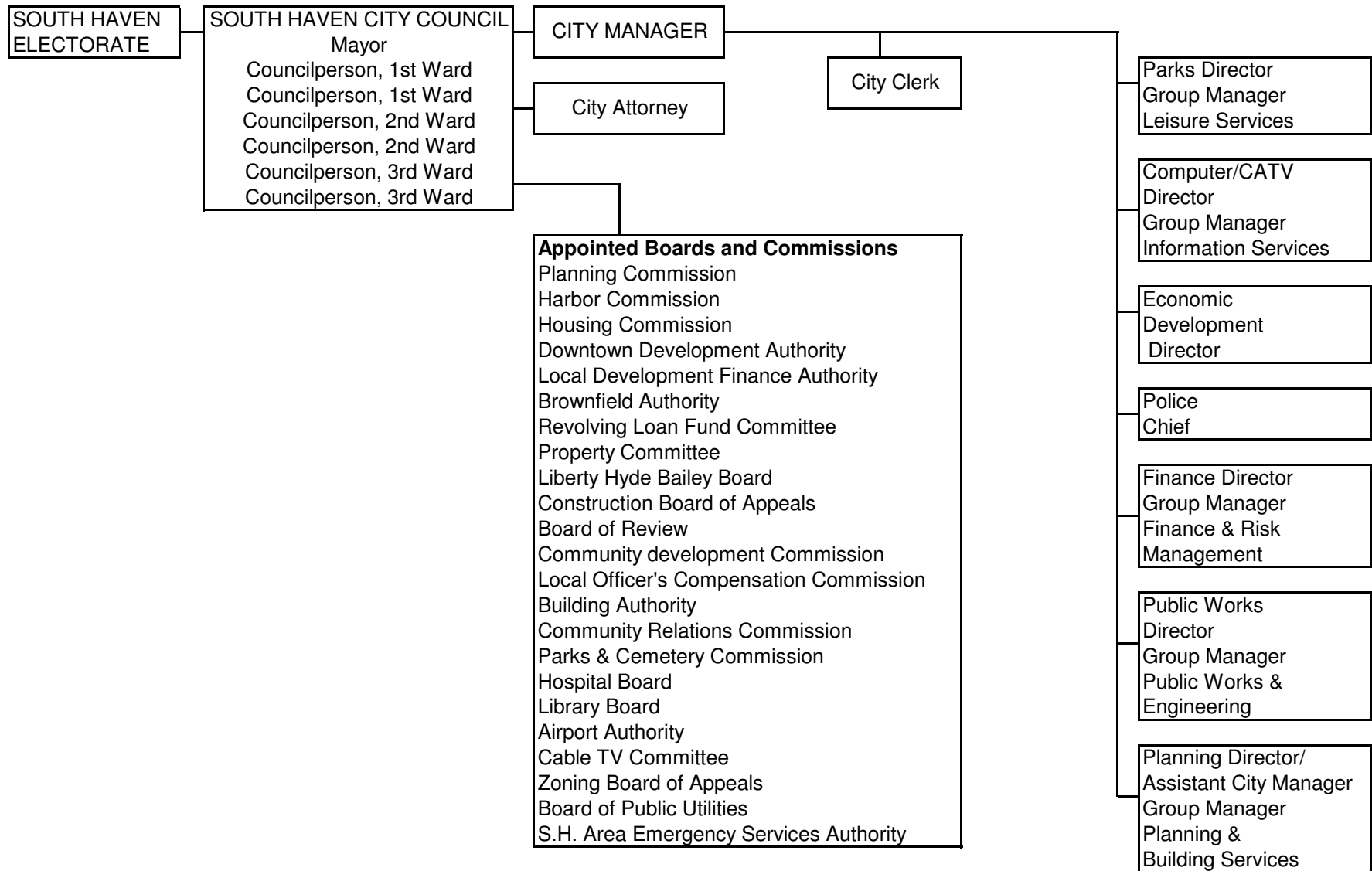


*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director





# City of South Haven, Michigan

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2005

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### City Officials at June 30, 2005

**Dale Lewis**

Mayor

**Larry King**

Mayor Pro-Tem

**William Bradley**

Councilmember

**Janet Fahs**

Councilmember

**Scott Smith**

Councilmember

**Timothy Stegeman**

Councilmember

**Orley Vaughan**

Councilmember

**Kevin P. Anderson**

City Manager

Prepared by  
City of South Haven  
Finance Department



# REHMANN ROBSON

*Certified Public Accountants*

*A member of* THE REHMANN GROUP

An Independent Member of Baker Tilly International

## INDEPENDENT AUDITORS' REPORT

August 25, 2005

Honorable Mayor and Members of  
the City Council  
City of South Haven, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of South Haven, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2005, on our consideration of the City of South Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Haven's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the City of South Haven's basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

## Management's Discussion and Analysis

As management of the City of South Haven, we offer readers of the City of South Haven financial statements this narrative overview and analysis of the financial activities of the City of South Haven for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in our transmittal letter, the financial statements and notes to the financial statements.

### Financial Highlights

- Renovation of the Huron Street Parking Lot.
- Completion of major reconstruction on St. Joseph Street.
- Completed the ravine sewer improvement project.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of South Haven financial statements. The City of South Haven basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of South Haven finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of South Haven assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of South Haven is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of South Haven that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Haven include general government, public safety, public works, highways and streets, health and welfare, and recreation and culture. The business-type activities of the City of South Haven include electric, water, and sewer.

The government-wide financial statements include not only the City of South Haven itself (known as the *primary government*), but also legally separate component units for which the City of South Haven is financially accountable. Component units include the Downtown Development Authority, three Local Development Finance Authorities, and the Brownfield Redevelopment Authority. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-14 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Haven, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Haven can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of South Haven maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sewer Rehabilitation Capital Projects Fund, each of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of South Haven adopts an annual appropriated budget for its general, special revenue, and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

**Proprietary funds.** The City of South Haven maintains 2 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Haven uses enterprise funds to account for its Electric, Water and Sewer operations. *Internal service funds* are an accounting device used to

accumulate and allocate costs internally among the City of South Haven various functions. The City of South Haven uses an internal service fund to account for its Motor Pool, Information Services, and Self-insurance operations. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise operations of which Electric, Water, and Sewer are considered to be major funds of the City of South Haven.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of South Haven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statement can be found on page 26 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-45 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 46-75 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Haven, assets exceeded liabilities by \$33,609,469 at the close of the most recent fiscal year.

By far the largest portion of the City of South Haven net assets (58%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of South Haven uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of South Haven investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## City of South Haven Net Assets

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Current and other assets	\$ 5,502,252	\$ 5,816,135	\$ 12,431,720	\$ 11,387,702	\$ 17,933,972	\$ 17,204,483
Capital assets	<u>12,130,731</u>	<u>11,627,825</u>	<u>19,102,624</u>	<u>19,291,046</u>	<u>31,233,355</u>	<u>30,918,225</u>
Total assets	<u>17,632,983</u>	<u>17,443,960</u>	<u>31,534,344</u>	<u>30,678,748</u>	<u>49,167,327</u>	<u>48,122,708</u>
Long-term liabilities						
outstanding	10,228,563	10,281,594	1,642,832	1,937,912	11,871,395	12,219,506
Other liabilities	<u>1,736,688</u>	<u>2,126,662</u>	<u>1,949,775</u>	<u>1,688,263</u>	<u>3,686,463</u>	<u>3,814,925</u>
Total liabilities	<u>11,965,251</u>	<u>12,408,256</u>	<u>3,592,607</u>	<u>3,626,175</u>	<u>15,557,858</u>	<u>16,034,431</u>
Net assets:						
Invested in capital assets, net of related debt	2,225,731	1,172,825	17,402,624	17,186,046	19,628,355	18,358,871
Restricted	849,964	486,230	294,998	241,761	1,144,962	727,991
Unrestricted	<u>2,592,037</u>	<u>3,376,649</u>	<u>10,244,115</u>	<u>9,624,766</u>	<u>12,836,152</u>	<u>13,001,415</u>
<b>Total net assets</b>	<b><u>\$ 5,667,732</u></b>	<b><u>\$ 5,035,704</u></b>	<b><u>\$ 27,941,737</u></b>	<b><u>\$ 27,052,573</u></b>	<b><u>\$ 33,609,469</u></b>	<b><u>\$ 32,088,277</u></b>

An additional part of the City of South Haven's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (\$12,836,152) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of South Haven is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the previous year.

The government's net assets increased by \$1,521,192 during the current fiscal year. This growth is due to property tax growth, county road millage revenue, the extent of capital asset purchases, payment on long-term debt and positive returns on enterprise fund activities.

### Governmental activities

Governmental activities increased the City of South Haven's net assets by \$632,028. Key elements in the change of net assets are as follows.

During the year a significant portion of governmental fund resources were utilized to purchase long-term capital assets and to pay down long-term debt. These long-term investments in combination with stable depreciation expense resulted in the current year increases.

### Business-type activities

Business-type activities increased the City of South Haven's net assets by \$889,164, thereby accounting for 58% of the total growth in the net assets of the City of South Haven. Key elements of this increase are as follows:

The city electric, water and sewer funds all had significant excess of revenues over expenditures for the year due.

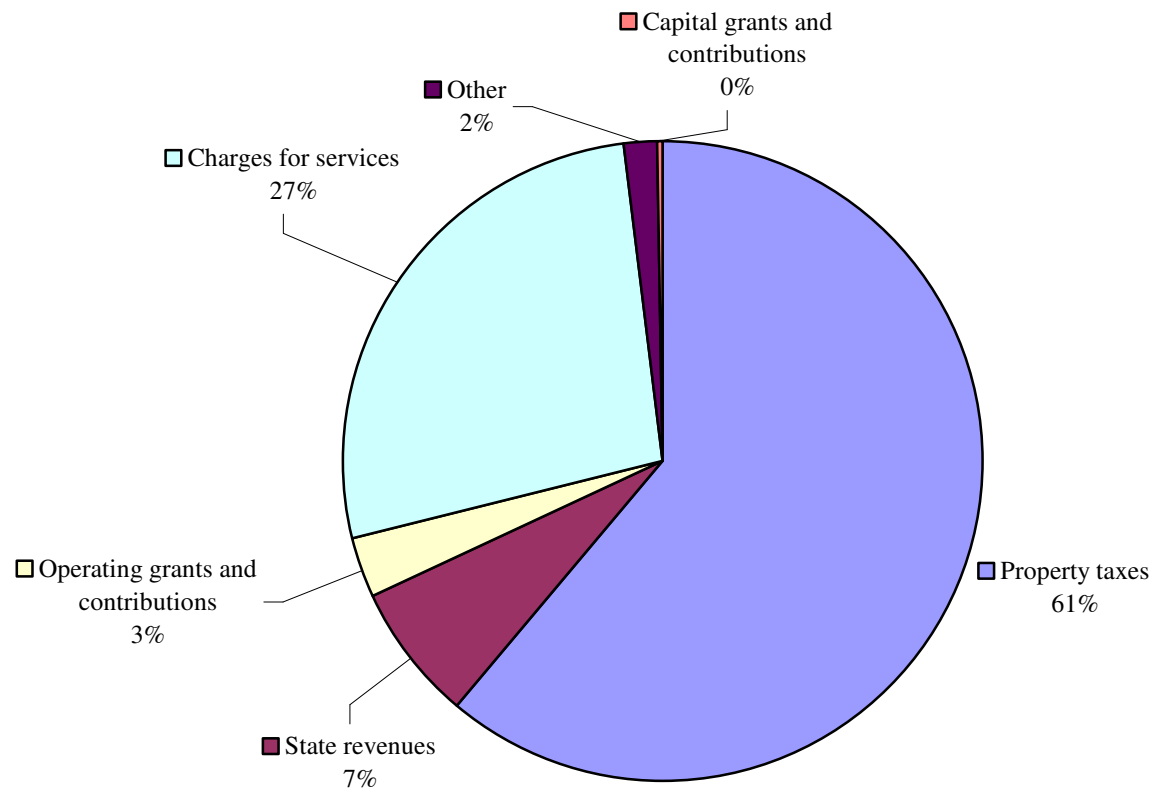
### City of South Haven Changes in Net Assets

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Revenue:						
Program revenue						
Charges for service	\$ 1,954,786	\$ 1,878,670	\$ 12,568,715	\$ 12,568,715	\$ 14,523,501	\$ 14,523,501
Operating grants and contributions	220,636	216,170	7,500	-	228,136	216,170
Capital grants and contributions	11,743	987,152	15,190	658,774	26,933	1,645,926
General revenue:						
Property taxes	4,446,071	4,109,683	-	-	4,446,071	4,109,683
State	500,862	508,779	-	-	500,862	508,779
Other	<u>128,300</u>	<u>200,435</u>	<u>1,315,017</u>	<u>2,951,795</u>	<u>1,444,317</u>	<u>3,152,230</u>
Total revenue	<u>7,262,398</u>	<u>7,900,889</u>	<u>13,906,422</u>	<u>15,933,341</u>	<u>21,168,820</u>	<u>23,834,230</u>
Expenses:						
General government	1,228,829	1,123,354	-	-	1,228,829	1,123,354
Public safety	2,953,261	2,887,402	-	-	2,953,261	2,887,402
Public works	872,757	1,031,723	-	-	872,757	1,031,723
Highways and streets	445,491	607,866	-	-	445,491	607,866
Health and welfare	581,107	440,932	-	-	581,107	440,932
Recreation and culture	573,844	994,019	-	-	573,844	994,019
Interest on long-term debt	478,856	439,299	-	-	478,856	439,299
Electric fund	-	-	8,856,995	8,912,236	8,856,995	8,912,236
Water fund	-	-	1,482,354	1,397,570	1,482,354	1,397,570
Sewer fund	-	-	1,390,204	1,298,007	1,390,204	1,298,007
Other enterprise funds	<u>-</u>	<u>-</u>	<u>783,930</u>	<u>736,018</u>	<u>783,930</u>	<u>736,018</u>
Total expenses	<u>7,134,145</u>	<u>7,524,595</u>	<u>12,513,483</u>	<u>12,343,831</u>	<u>19,647,628</u>	<u>19,868,426</u>
Transfers –						
Internal Activities	<u>503,775</u>	<u>(2,203,120)</u>	<u>(503,775)</u>	<u>2,203,120</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	632,028	(1,826,826)	889,164	5,792,630	1,521,192	3,965,804
Net assets – beginning of year	<u>5,035,704</u>	<u>6,862,530</u>	<u>27,052,573</u>	<u>21,259,943</u>	<u>32,088,277</u>	<u>28,122,473</u>
Net assets – end of year	<u><b>\$ 5,667,732</b></u>	<u><b>\$ 5,035,704</b></u>	<u><b>\$ 27,941,737</b></u>	<u><b>\$ 27,052,573</b></u>	<u><b>\$ 33,609,469</b></u>	<u><b>\$ 32,088,277</b></u>



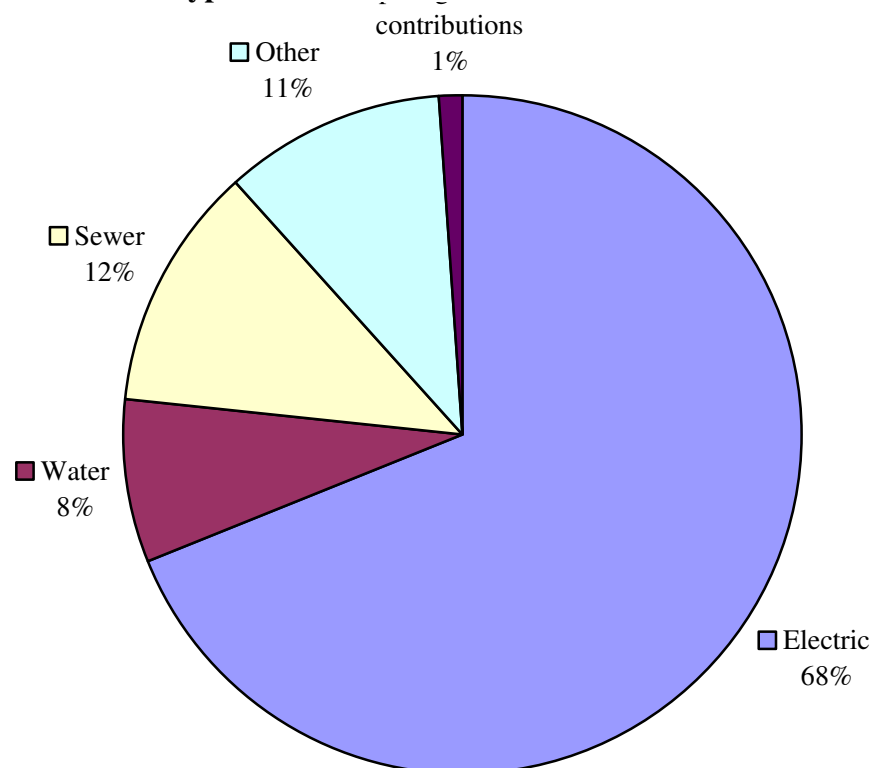
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## Revenues by Source - Governmental Activities



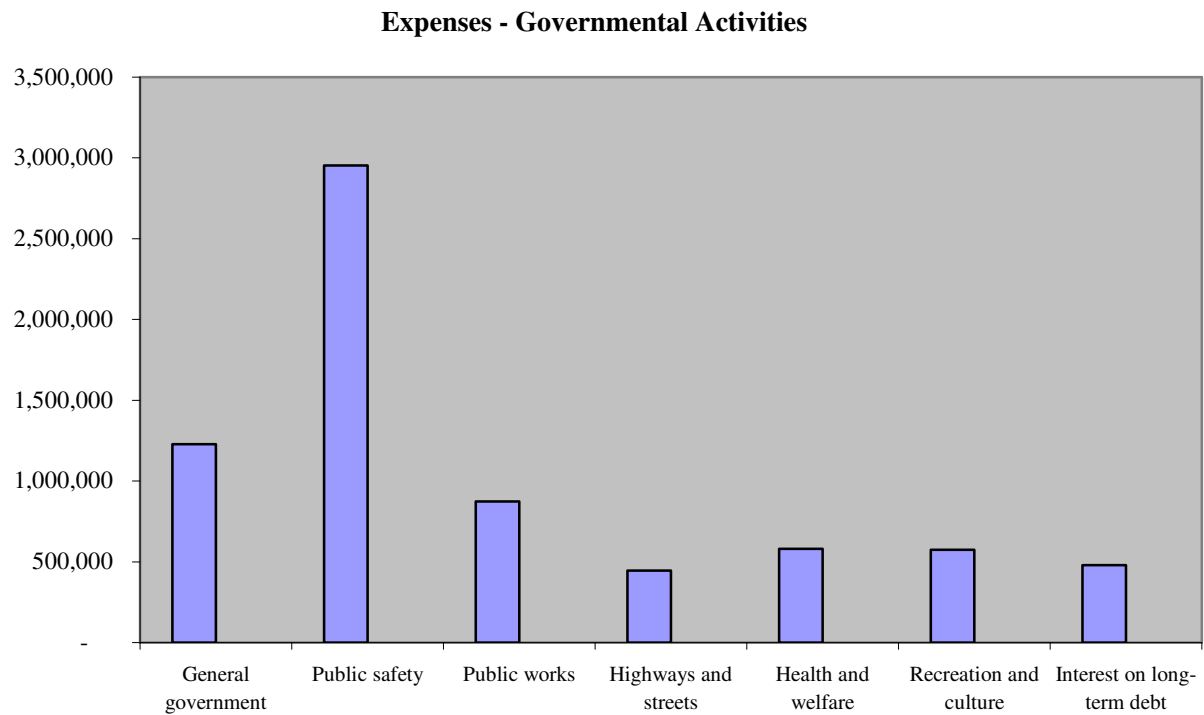
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## Revenues by Source – Business-type Activities



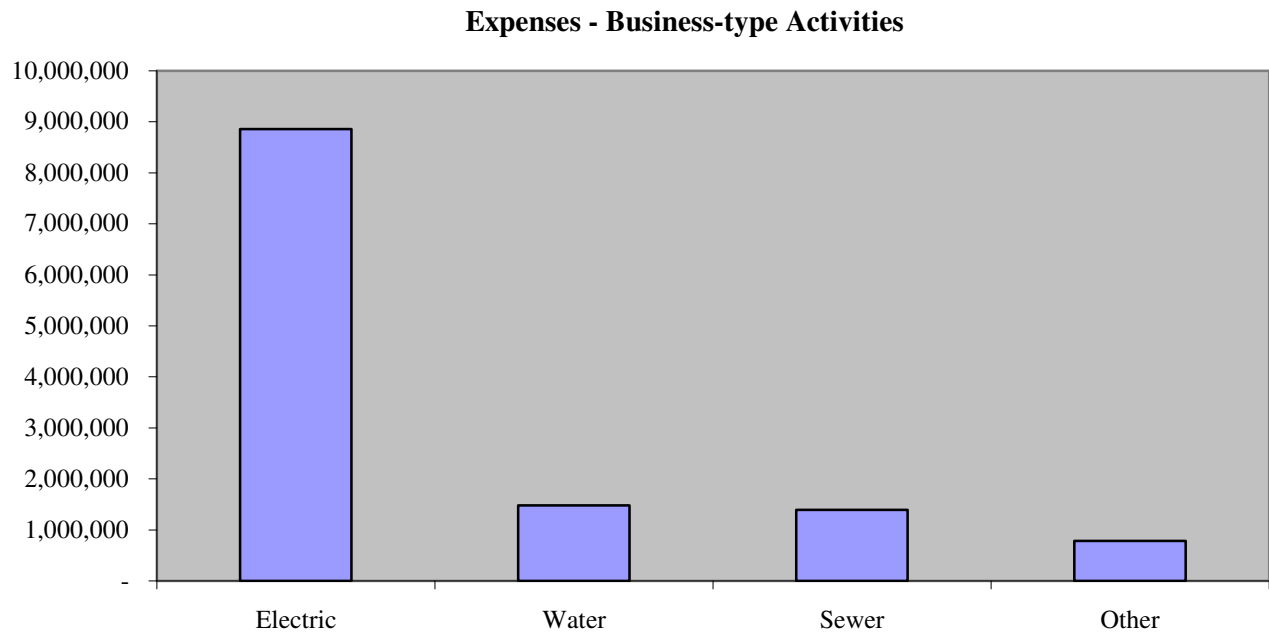
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## Expenses - Governmental Activities



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## Expenses – Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the City of South Haven uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City of South Haven *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of South Haven financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

With continuing reductions in State funding, which is a significant source of revenue for the governmental funds, the overall results of the governmental fund operations was a decrease in fund balances of \$734,282. Major funds results were similar as the general fund resulted in a decrease of \$18,108 while the sewer rehabilitation fund spent down its fund balance resulting in a decrease of \$1,090,139 for the year.

*Proprietary funds.* The City of South Haven proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary fund operations all resulted in an increase in net assets. Overall the net assets of the proprietary funds increased \$889,164.

### General Fund Budgetary Highlights

There are minimal differences between the original budget and the amended budget.

### Capital Asset and Debt Administration

#### City of South Haven Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 359,490	\$ 360,491	\$ 23,062	\$ 23,062	\$ 382,552	\$ 383,553
Land improvements	626,889	723,630	2,256,195	2,387,395	2,883,084	3,111,025
Building, equipment, and infrastructure, net	<u>11,144,352</u>	<u>10,543,058</u>	<u>16,823,367</u>	<u>16,880,589</u>	<u>27,967,719</u>	<u>27,423,647</u>
<b>Total</b>	<b><u>\$ 12,130,731</u></b>	<b><u>\$ 11,627,179</u></b>	<b><u>\$ 19,102,624</u></b>	<b><u>\$ 19,291,046</u></b>	<b><u>\$ 31,233,355</u></b>	<b><u>\$ 30,918,225</u></b>

Additional information on the City of South Haven capital assets can be found in note 7 on pages 39-41 of this report.

## Long-Term Debt

<b>City of South Haven Outstanding Debt</b> <b>General Obligation and Revenue Bonds</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	
General obligation bonds	\$ 9,705,000	\$ 10,155,000	\$ -	\$ -	\$ 9,705,000 \$ 10,155,000
Revenue bonds	-	-	1,700,000	2,105,000	1,700,000 2,105,000
Other debt	<u>323,563</u>	<u>576,594</u>	<u>-</u>	<u>-</u>	<u>323,563</u> <u>576,594</u>
<b>Total</b>	<b><u>\$ 10,028,563</u></b>	<b><u>\$ 10,731,594</u></b>	<b><u>\$ 1,700,000</u></b>	<b><u>\$ 2,105,000</u></b>	<b><u>\$ 11,728,563</u></b> <b><u>\$ 12,836,594</u></b>

The City of South Haven's most recent general obligation bond issue had a rating of A from both Standard & Poor's and Fitch Rating.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the State Equalized Value. The current debt limitation for the City of South Haven is \$39,432,110.

Additional information on the City of South Haven long-term debt can be found in note 8 on pages 41-43 of this report.

## Economic Factors and Next Year's Budgets and Rates

The economic factors utilized to create the 2006 budget included continued strong growth in the taxable value of city property and level state funding after several years of decline. In addition, the 2006 budget identifies local street paving and public safety as high priorities.

## Requests for Information

This financial report is designed to provide a general overview of the City of South Haven finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marvin Hinga, Finance Director, 539 Phoenix Street, South Haven, Michigan 49090.

**CITY OF SOUTH HAVEN**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,457,079	\$ 5,794,439	\$ 8,251,518	\$ 1,071,694
Investments	1,188,046	1,825,793	3,013,839	-
Accounts receivable	70,768	1,735,004	1,805,772	-
Special assessment receivable, current	-	111,879	111,879	-
Taxes receivable	51,492	-	51,492	-
Due from other governmental units	514,748	-	514,748	1,069,271
Prepaid items and other assets	116,969	146,785	263,754	418
Inventory	-	467,533	467,533	-
Capital assets				
Land	359,490	23,062	382,552	191,453
Other capital assets - net of depreciation	11,771,241	19,079,562	30,850,803	4,312,377
Equity interest in SHAES	846,955	-	846,955	-
Restricted cash and cash equivalents	-	81,504	81,504	-
Restricted investments	-	344,494	344,494	-
Noncurrent assets:				
Advance to component unit	256,195	581,747	837,942	-
Special assessment receivable, long term	-	1,342,542	1,342,542	-
<b>Total assets</b>	<b>17,632,983</b>	<b>31,534,344</b>	<b>49,167,327</b>	<b>6,645,213</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	1,682,592	1,579,571	3,262,163	135,674
Due to governments	54,096	16,751	70,847	-
Unearned revenue	-	202,284	202,284	-
Deposits payable	-	151,169	151,169	-
Noncurrent liabilities:				
Advance from primary government	-	-	-	837,942
Discount on bonds	-	(57,168)	(57,168)	-
Due within one year	680,000	15,000	695,000	237,206
Due in more than one year	9,548,563	1,685,000	11,233,563	3,226,284
<b>Total liabilities</b>	<b>11,965,251</b>	<b>3,592,607</b>	<b>15,557,858</b>	<b>4,437,106</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	2,225,731	17,402,624	19,628,355	1,271,340
Restricted for:				
Major Street	308,145	-	308,145	-
Local Street	37,612	-	37,612	-
Debt service	39,545	294,998	334,543	-
Cemetery perpetual care - nonexpendable	126,675	-	126,675	-
Cemetery perpetual care - expendable	24,831	-	24,831	-
Community Development Block Grant	251,332	-	251,332	-
Police programs	61,824	-	61,824	-
Unrestricted	2,592,037	10,244,115	12,836,152	936,767
<b>Total net assets</b>	<b>\$ 5,667,732</b>	<b>\$ 27,941,737</b>	<b>\$ 33,609,469</b>	<b>\$ 2,208,107</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2005**

<b><u>Functions / Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b><u>Net (Expense) Revenue</u></b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 1,228,829	\$ 980,656	\$ 220,386	\$ -	\$ (27,787)
Public safety	2,953,261	9,456	250	-	(2,943,555)
Public works	872,757	245,808	-	11,743	(615,206)
Highways and streets	445,491	429,603	-	-	(15,888)
Health and welfare	581,107	-	-	-	(581,107)
Recreation and culture	573,844	289,263	-	-	(284,581)
Interest expense	478,856	-	-	-	(478,856)
Total governmental activities	<u>7,134,145</u>	<u>1,954,786</u>	<u>220,636</u>	<u>11,743</u>	<u>(4,946,980)</u>
Business-type activities:					
Electric	8,856,995	9,204,854	-	-	347,859
Water	1,482,354	1,059,948	-	-	(422,406)
Sewer	1,390,204	1,524,636	-	15,190	149,622
Other	783,930	779,277	7,500	-	2,847
Total business-type activities	<u>12,513,483</u>	<u>12,568,715</u>	<u>7,500</u>	<u>15,190</u>	<u>77,922</u>
Total primary government	<u>\$ 19,647,628</u>	<u>\$ 14,523,501</u>	<u>\$ 228,136</u>	<u>\$ 26,933</u>	<u>\$ (4,869,058)</u>
Component units					
Downtown Development Authority	\$ 921,858	\$ -	\$ -	\$ -	\$ (921,858)
Local Development Finance Authority #1	188,128	-	-	-	(188,128)
Local Development Finance Authority #2	18,805	-	-	-	(18,805)
Local Development Finance Authority #3	74,429	-	-	3,490	(70,939)
Brownfield Redevelopment Authority	316,886	-	-	-	(316,886)
Total component units	<u>\$ 1,520,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,490</u>	<u>\$ (1,516,616)</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2005**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
Net (expense) revenue	\$ (4,946,980)	\$ 77,922	\$ (4,869,058)	\$ (1,516,616)
General revenues:				
Property taxes	4,446,071	-	4,446,071	1,879,448
State revenues - unrestricted	500,862	-	500,862	-
Interest earnings	128,300	255,407	383,707	18,024
Miscellaneous	-	1,059,610	1,059,610	390,688
Transfers - internal activities	503,775	(503,775)	-	-
Total general revenues and transfers	5,579,008	811,242	6,390,250	2,288,160
Change in net assets	632,028	889,164	1,521,192	771,544
Net assets, beginning of year	5,035,704	27,052,573	32,088,277	1,436,563
<b>Net assets, end of year</b>	<u>\$ 5,667,732</u>	<u>\$ 27,941,737</u>	<u>\$ 33,609,469</u>	<u>\$ 2,208,107</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

<u>ASSETS</u>	GENERAL FUND	SEWER REHABILITATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and cash equivalents	\$ 181,852	\$ 3,383	\$ 1,789,074	\$ 1,974,309
Investments	1,040,963	-	147,083	1,188,046
Accounts receivable	23,152	-	45,666	68,818
Taxes receivable	42,357	-	9,135	51,492
Due from other funds	-	-	112,206	112,206
Due from other governmental units	130,916	-	183,832	314,748
Prepaid items	106,267	-	7,049	113,316
Advances to component unit	-	-	85,000	85,000
<u>TOTAL ASSETS</u>	<u>\$ 1,525,507</u>	<u>\$ 3,383</u>	<u>\$ 2,379,045</u>	<u>\$ 3,907,935</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 135,692	\$ 1,212,652	\$ 85,565	\$ 1,433,909
Accrued expenses and other liabilities	75,669	-	7,557	83,226
Due to other governmental units	54,096	-	-	54,096
Due to other funds	-	-	112,206	112,206
Deferred revenue	42,357	-	48,303	90,660
<u>TOTAL LIABILITIES</u>	<u>307,814</u>	<u>1,212,652</u>	<u>253,631</u>	<u>1,774,097</u>
FUND BALANCES(DEFICIT)				
Reserved				
CDBG program	-	-	251,332	251,332
Perpetual care	-	-	126,675	126,675
Advances	-	-	85,000	85,000
Capital projects	-	-	857,571	857,571
Debt service	-	-	39,545	39,545
Unreserved, undesignated	1,217,693	(1,209,269)	-	8,424
Undesignated, reported in nonmajor				
Special revenue funds	-	-	740,460	740,460
Permanent fund	-	-	24,831	24,831
<u>TOTAL FUND BALANCES(DEFICIT)</u>	<u>1,217,693</u>	<u>(1,209,269)</u>	<u>2,125,414</u>	<u>2,133,838</u>



***CITY OF SOUTH HAVEN***

***RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO THE NET ASSETS OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS***

***JUNE 30, 2005***

Fund balances- total governmental funds	\$	2,133,838
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Add - equity interest in SHAES	846,955
Add - land	359,490
Add - capital assets	28,097,264
Deduct - accumulated depreciation	(17,113,310)

Certain liabilities, such as bond payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	(9,705,000)
Deduct - accrued interest	(84,333)
Deduct - compensated absences	(323,563)

Internal service funds provide services to governmental activities primarily and they are combined with the net assets of governmental activities.

Add - Internal service fund net assets	1,365,731
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Certain revenues are not recognized because they are not measurable and available.

Add - deferred revenue for property taxes and grant draw downs	<u>90,660</u>
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Net assets of governmental activities	<u><u>\$</u></u>	<u><u>5,667,732</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	GENERAL FUND	SEWER REHABILITATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 3,559,364	\$ -	\$ 1,036,997	\$ 4,596,361
Licenses and permits	200,283	-	-	200,283
Intergovernmental revenues:				
State	510,791	-	437,440	948,231
Charges for services	421,837	-	-	421,837
Fines and forfeitures	22,319	-	-	22,319
Interest and rental income	67,844	-	261,635	329,479
Other	448,495	-	298,136	746,631
TOTAL REVENUES	5,230,933	-	2,034,208	7,265,141
EXPENDITURES				
Current:				
General government	967,420	-	-	967,420
Public safety	2,607,669	-	255,024	2,862,693
Public works	546,243	-	-	546,243
Highway and streets	-	-	395,777	395,777
Health and welfare	138,738	-	397,614	536,352
Recreation and culture	341,145	-	-	341,145
Other	119,255	-	525	119,780
Debt service:				
Principal retirement	-	-	450,000	450,000
Interest and fiscal charges	-	-	425,511	425,511
Capital outlay	-	1,528,844	61,297	1,590,141
TOTAL EXPENDITURES	4,720,470	1,528,844	1,985,748	8,235,062
REVENUES OVER (UNDER) EXPENDITURES	510,463	(1,528,844)	48,460	(969,921)
OTHER FINANCING SOURCES (USES)				
Transfers in	42,679	648,705	1,127,838	1,819,222
Transfers out	(571,250)	(210,000)	(504,197)	(1,285,447)
TOTAL OTHER FINANCING SOURCES (USES)	(528,571)	438,705	623,641	533,775
NET CHANGE IN FUND BALANCES	(18,108)	(1,090,139)	672,101	(436,146)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	1,235,801	(119,130)	1,453,313	2,569,984
FUND BALANCES (DEFICIT), END OF YEAR	\$ 1,217,693	\$ (1,209,269)	\$ 2,125,414	\$ 2,133,838

# ***CITY OF SOUTH HAVEN***

## ***RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES***

***FOR THE YEAR ENDED JUNE 30, 2005***

Net change in fund balances - total governmental funds	\$ (436,146)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	1,399,942
Deduct - depreciation expense	(858,920)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term debt	450,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - net income from internal service funds	81,239
Add - increase in equity in SHAES	100,617
Deduct - increase accrued interest	(57,735)
Deduct - increase in the accrual for compensated absences	<u>(46,969)</u>

Change in net assets of governmental activities	<u><u>\$ 632,028</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 3,553,728	\$ 3,571,228	\$ 3,559,364	\$ (11,864)
Licenses and permits	199,350	199,350	200,283	933
Intergovernmental revenues:				
State	516,855	512,252	510,791	(1,461)
Charges for services	406,625	406,625	421,837	15,212
Fines and forfeitures	23,230	23,230	22,319	(911)
Interest and rentals	41,000	51,000	67,844	16,844
Other	274,277	395,517	448,495	52,978
<b>TOTAL REVENUES</b>	<b>5,015,065</b>	<b>5,159,202</b>	<b>5,230,933</b>	<b>71,731</b>
EXPENDITURES				
Current:				
General government	1,044,746	1,073,096	967,420	105,676
Public safety	2,733,746	2,677,546	2,607,669	69,877
Public works	636,840	632,840	546,243	86,597
Health and welfare	142,304	142,304	138,738	3,566
Recreation and culture	335,342	346,842	341,145	5,697
Other	128,494	129,259	119,255	10,004
<b>TOTAL EXPENDITURES</b>	<b>5,021,472</b>	<b>5,001,887</b>	<b>4,720,470</b>	<b>281,417</b>
REVENUES OVER (UNDER) EXPENDITURES	(6,407)	157,315	510,463	353,148
OTHER FINANCING SOURCES (USES)				
Transfers in	(30,000)	42,685	42,679	(6)
Transfers (out)	(70,760)	(571,250)	(571,250)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,760)</b>	<b>(528,565)</b>	<b>(528,571)</b>	<b>(6)</b>
NET CHANGE IN FUND BALANCE	(107,167)	(371,250)	(18,108)	353,142
FUND BALANCES, BEGINNING OF YEAR	1,235,801	1,235,801	1,235,801	-
FUND BALANCES, END OF YEAR	\$ 1,128,634	\$ 864,551	\$ 1,217,693	\$ 353,142

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

<u>ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ELECTRIC FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>OTHER ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,080,472	\$ 942,538	\$ 955,903	\$ 815,526	\$ 5,794,439	\$ 482,770
Investments	1,698,277	-	206,356	37,160	1,941,793	-
Receivables:						
Special assessments receivable	-	616,979	837,442	-	1,454,421	-
Other	1,244,692	213,869	271,143	5,300	1,735,004	1,950
Due from other funds	-	-	-	86,000	86,000	-
Due from other governmental units	-	-	-	-	-	200,000
Prepaid expenses	65,806	40,173	35,269	5,537	146,785	3,653
Inventory	385,414	77,588	4,531	-	467,533	-
<b>RESTRICTED ASSETS</b>						
Cash and cash equivalents	-	-	81,504	-	81,504	-
Investments	180,000	48,494	-	-	228,494	-
<b>TOTAL CURRENT ASSETS</b>	<b>6,654,661</b>	<b>1,939,641</b>	<b>2,392,148</b>	<b>949,523</b>	<b>11,935,973</b>	<b>688,373</b>
<b>NON-CURRENT ASSETS</b>						
Discount on bonds - net	49,687	7,481	-	-	57,168	-
Advances to component unit	426,381	-	-	155,366	581,747	171,195
<b>CAPITAL ASSETS</b>						
Land and land improvements	8,001	31,960	42,331	2,861,078	2,943,370	-
Buildings and improvements	2,650,877	4,109,130	3,694,387	102,749	10,557,143	-
Utility system	7,970,909	7,608,800	5,747,120	-	21,326,829	-
Machinery and equipment	272,501	383,294	360,886	20,930	1,037,611	2,388,701
<b>TOTAL CAPITAL ASSETS</b>	<b>10,902,288</b>	<b>12,133,184</b>	<b>9,844,724</b>	<b>2,984,757</b>	<b>35,864,953</b>	<b>2,388,701</b>
Less: accumulated depreciation	3,727,718	6,637,150	5,741,087	656,374	16,762,329	1,601,414
<b>NET CAPITAL ASSETS</b>	<b>7,174,570</b>	<b>5,496,034</b>	<b>4,103,637</b>	<b>2,328,383</b>	<b>19,102,624</b>	<b>787,287</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,650,638</b>	<b>5,503,515</b>	<b>4,103,637</b>	<b>2,483,749</b>	<b>19,741,539</b>	<b>958,482</b>
<b>TOTAL ASSETS</b>	<b>14,305,299</b>	<b>7,443,156</b>	<b>6,495,785</b>	<b>3,433,272</b>	<b>31,677,512</b>	<b>1,646,855</b>

(Continued)

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS (CONTINUED)**

**JUNE 30, 2005**

<u>LIABILITIES</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>					<u>GOVERNMENTAL</u>
	<u>ELECTRIC</u>	<u>WATER</u>	<u>SEWER</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>ACTIVITIES</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>		<u>INTERNAL</u>
						<u>SERVICE</u>
						<u>FUNDS</u>
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 1,030,744	\$ 148,697	\$ 179,349	\$ 29,579	\$ 1,388,369	\$ 68,410
Accrued expenses and other liabilities	8,447	42,677	26,783	13,102	91,009	12,714
Due to other funds	-	-	-	86,000	86,000	-
Due to other governmental units	-	16,751	-	-	16,751	-
Customer deposits payable	151,169	-	-	-	151,169	-
Deferred revenue	-	-	-	202,284	202,284	-
Current portion of bonds payable	-	-	-	-	-	100,000
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>						
Accrued liabilities	83,988	1,837	14,368	-	100,193	-
Current maturity of bonds payable	-	15,000	-	-	15,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,274,348</b>	<b>224,962</b>	<b>220,500</b>	<b>330,965</b>	<b>2,050,775</b>	<b>181,124</b>
<b>LONG-TERM LIABILITIES</b>						
Long-term debt - net of current portion	1,290,000	395,000	-	-	1,685,000	100,000
<b>TOTAL LIABILITIES</b>	<b>2,564,348</b>	<b>619,962</b>	<b>220,500</b>	<b>330,965</b>	<b>3,735,775</b>	<b>281,124</b>
 <u>NET ASSETS</u>						
Investment in capital assets net of related debt	5,884,570	5,086,034	4,103,637	2,328,383	17,402,624	587,287
Restricted for revenue bond retirement	180,000	33,494	81,504	-	294,998	-
Unrestricted	5,676,381	1,703,666	2,090,144	773,924	10,244,115	778,444
<b>TOTAL NET ASSETS</b>	<b>\$ 11,740,951</b>	<b>\$ 6,823,194</b>	<b>\$ 6,275,285</b>	<b>\$ 3,102,307</b>	<b>\$ 27,941,737</b>	<b>\$ 1,365,731</b>

(Concluded)

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
	ELECTRIC FUND	WATER FUND	SEWER FUND	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES						
Charges for services	\$ 9,204,854	\$ 1,059,948	\$ 1,524,636	\$ 186,505	\$ 11,975,943	\$ 900,622
Special assessments	-	8,806	18,090	-	26,896	-
Dock rental	-	-	-	580,238	580,238	-
Other	9,880	309,155	135,628	10,161	464,824	589
TOTAL OPERATING REVENUES	9,214,734	1,377,909	1,678,354	776,904	13,047,901	901,211
OPERATING EXPENSES						
Operating costs and expenses	8,088,986	1,216,340	1,165,348	592,475	11,063,149	603,945
Property tax equivalents	480,000	65,000	72,000	40,925	657,925	-
Depreciation	208,741	179,836	152,856	150,530	691,963	197,010
TOTAL OPERATING EXPENSES	8,777,727	1,461,176	1,390,204	783,930	12,413,037	800,955
OPERATING INCOME (LOSS)	437,007	(83,267)	288,150	(7,026)	634,864	100,256
NON-OPERATING REVENUES (EXPENSES)						
Interest income	132,784	41,798	59,596	38,523	272,701	20,714
Other non-operating	254,506	331,314	-	-	585,820	-
Interest and fiscal charges	(79,268)	(21,178)	-	-	(100,446)	(9,731)
TOTAL NON-OPERATING REVENUES (EXPENSES)	308,022	351,934	59,596	38,523	758,075	10,983
NET INCOME BEFORE TRANSFERS	745,029	268,667	347,746	31,497	1,392,939	111,239
TRANSFERS IN (OUT)						
Transfers in	-	-	210,000	-	210,000	-
Transfers (out)	(222,670)	(109,568)	(364,137)	(17,400)	(713,775)	(30,000)
TOTAL TRANSFERS	(222,670)	(109,568)	(154,137)	(17,400)	(503,775)	(30,000)
CHANGE IN NET ASSETS	522,359	159,099	193,609	14,097	889,164	81,239
NET ASSETS, BEGINNING OF YEAR	11,218,592	6,664,095	6,081,676	3,088,210	27,052,573	1,284,492
NET ASSETS, END OF YEAR	\$ 11,740,951	\$ 6,823,194	\$ 6,275,285	\$ 3,102,307	\$ 27,941,737	\$ 1,365,731

**CITY OF SOUTH HAVEN**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES	
	ELECTRIC FUND	WATER FUND	SEWER FUND	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 9,052,322	\$ 1,422,344	\$ 1,754,038	\$ 766,093	\$ 12,994,797	\$ -
Internal charges	-	-	-	-	-	900,622
Cash payments to suppliers for goods and services	(7,669,340)	(835,085)	(752,008)	(398,679)	(9,655,112)	(238,979)
Cash payments to employees for services	(737,196)	(446,512)	(409,880)	(233,286)	(1,826,874)	(275,969)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	645,786	140,747	592,150	134,128	1,512,811	385,674
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Due from other funds	-	-	-	(862)	(862)	-
Due to other funds	-	-	-	13,500	13,500	-
Due from other governments	-	-	-	167,942	167,942	-
Advance to component units	(382,126)	-	-	-	(382,126)	10,667
Transfers in	-	-	210,000	-	210,000	-
Transfers out	(222,670)	(109,568)	(364,137)	(17,400)	(713,775)	(30,000)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(604,796)	(109,568)	(154,137)	163,180	(705,321)	(19,333)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Reimbursement	254,506	331,314	-	-	585,820	-
Purchase of capital assets	(127,495)	-	(346,973)	(29,070)	(503,538)	(160,541)
Principal paid on long-term debt	(390,000)	(15,000)	-	-	(405,000)	(100,000)
Interest and fiscal charges paid	(74,818)	(20,708)	-	-	(95,526)	(9,731)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(337,807)	295,606	(346,973)	(29,070)	(418,244)	(270,272)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	132,784	41,798	59,596	38,523	272,701	20,714
Purchase of investments	(360,774)	(1,924)	(2,598)	-	(365,296)	-
Sale of investments	-	-	-	(37,160)	(37,160)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(227,990)	39,874	56,998	1,363	(129,755)	20,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(524,807)	366,659	148,038	269,601	259,491	116,783
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,605,279	575,879	889,369	545,925	5,616,452	365,987
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,080,472	\$ 942,538	\$ 1,037,407	\$ 815,526	\$ 5,875,943	\$ 482,770
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 437,007	\$ (83,267)	\$ 288,150	\$ (7,026)	\$ 634,864	\$ 100,256
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	208,741	179,836	152,856	150,530	691,963	197,010
Changes in operating assets and liabilities which provided (used) cash:						
Receivables	(165,203)	44,435	75,684	(4,088)	(49,172)	975
Due from other governmental units	-	-	-	-	-	100,000
Prepaid expenses	(14,170)	(9,777)	(7,906)	(5,537)	(37,390)	(3,653)
Inventory	(85,666)	(4,920)	(3,378)	-	(93,964)	-
Accounts payable	270,115	51,647	80,393	6,294	408,449	(6,792)
Accrued expenses and other liabilities	(10,828)	6,465	6,351	1,011	2,999	(2,122)
Due to other governmental units	-	(43,672)	-	-	(43,672)	-
Customer deposits	5,790	-	-	-	5,790	-
Deferred revenue	-	-	-	(7,056)	(7,056)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 645,786	\$ 140,747	\$ 592,150	\$ 134,128	\$ 1,512,811	\$ 385,674
CASH AND CASH EQUIVALENTS	\$ 3,080,472	\$ 942,538	\$ 955,903	\$ 815,526	\$ 5,794,439	\$ 482,770
CASH AND CASH EQUIVALENTS - RESTRICTED	-	-	81,504	-	81,504	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 3,080,472	\$ 942,538	\$ 1,037,407	\$ 815,526	\$ 5,875,943	\$ 482,770

The accompanying notes are an integral part of these financial statements.



**CITY OF SOUTH HAVEN**

**COMPONENT UNITS  
COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

	DOWNTOWN DEVELOPMENT AUTHORITY	LOCAL DEVELOPMENT FINANCE AUTHORITY#1	LOCAL DEVELOPMENT FINANCE AUTHORITY#2	LOCAL DEVELOPMENT FINANCE AUTHORITY#3	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
ASSETS						
Cash and cash equivalents	\$ 2,567	\$ 624,592	\$ 68,549	\$ 287,803	\$ 88,183	\$ 1,071,694
Prepaid expenses	418	-	-	-	-	418
Due from other component units	-	350,000	-	-	-	350,000
Due from other governmental units	-	-	-	-	1,069,271	1,069,271
Land	-	-	55,373	136,080	-	191,453
Other capital assets	4,312,377	-	-	-	-	4,312,377
<b>TOTAL ASSETS</b>	<b>4,315,362</b>	<b>974,592</b>	<b>123,922</b>	<b>423,883</b>	<b>1,157,454</b>	<b>6,995,213</b>
LIABILITIES						
Accounts payable	10,696	1,276	-	8,558	115,144	135,674
Due to other component units	-	-	-	350,000	-	350,000
Advances from primary government	752,942	-	-	-	85,000	837,942
Long-term debt						
Due within one year	210,000	-	-	27,206	-	237,206
Due in more than one year	2,730,000	-	-	265,284	231,000	3,226,284
<b>TOTAL LIABILITIES</b>	<b>3,703,638</b>	<b>1,276</b>	<b>-</b>	<b>651,048</b>	<b>431,144</b>	<b>4,787,106</b>
NET ASSETS						
Invested in capital assets, net of related debt	1,372,377	-	55,373	(156,410)	-	1,271,340
Unrestricted (deficit)	(760,653)	973,316	68,549	(70,755)	726,310	936,767
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ 611,724</b>	<b>\$ 973,316</b>	<b>\$ 123,922</b>	<b>\$ (227,165)</b>	<b>\$ 726,310</b>	<b>\$ 2,208,107</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF SOUTH HAVEN**

**COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2005**

	DOWNTOWN DEVELOPMENT AUTHORITY	LOCAL DEVELOPMENT FINANCE AUTHORITY#1	LOCAL DEVELOPMENT FINANCE AUTHORITY#2	LOCAL DEVELOPMENT FINANCE AUTHORITY#3	BROWNFIELD REDEVELOPMENT AUTHORITY	TOTAL
EXPENDITURES						
Community development	\$ 160,774	\$ 33,128	\$ -	\$ 74,429	\$ 281,886	\$ 550,217
Debt service:						
Interest and fiscal charges	139,515	-	-	-	-	139,515
Other	621,569	155,000	18,805	-	35,000	830,374
TOTAL EXPENDITURES	921,858	188,128	18,805	74,429	316,886	1,520,106
REVENUES						
Program revenues						
Federal	-	-	-	3,490	-	3,490
General revenues						
Property taxes	889,834	452,621	30,479	227,360	279,154	1,879,448
Interest income	3,339	5,158	798	-	8,729	18,024
Other	389,048	150	-	1,100	390	390,688
TOTAL REVENUES	1,282,221	457,929	31,277	231,950	288,273	2,291,650
CHANGE IN NET ASSETS	360,363	269,801	12,472	157,521	(28,613)	771,544
NET ASSETS (DEFICIT), BEGINNING OF YEAR	251,361	703,515	111,450	(384,686)	754,923	1,436,563
NET ASSETS (DEFICIT), END OF YEAR	\$ 611,724	\$ 973,316	\$ 123,922	\$ (227,165)	\$ 726,310	\$ 2,208,107

The accompanying notes are an integral part of these financial statements.

***CITY OF SOUTH HAVEN***

***FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS***

***JUNE 30, 2005***

<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash and cash equivalents	\$ 160,465
Investments	<u>8,079</u>
<u>TOTAL ASSETS</u>	<u>\$ 168,544</u>
 <u>LIABILITIES</u>	
Deposits	\$ 129,972
Accounts payable	35,455
Due to other governments	<u>3,117</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 168,544</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South Haven (the "City") conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

#### **Reporting Entity**

The City is governed by an elected mayor and six member council. As required by generally accepted accounting principles, these financial statements present the City of South Haven and its component units. The individual component units discussed below are included in the City's reporting entity because they are entities for which the government is considered to be financially accountable.

#### **Blended Component Unit**

The Building Authority is governed by a Board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

#### **Discrete Component Units**

The following component units are reported within the component unit's column and rows in the government-wide financial statements. These component units provide services to the businesses located within the various districts. They are reported in a separate column to emphasize that they are legally separate from the City. Separate financial statements of these component units have not been issued.

- a. The Downtown Development Authority was created to correct and prevent deterioration in the Downtown district, to encourage historical preservation and to promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is appointed by the City's Mayor and confirmed by the City Council. In addition, the Authority's budget is subject to approval by the City Council.
- b. The three Local Development Finance Authorities were created to develop a program of ongoing industrial development, retention and expansion, reclamation of vacant industrial buildings and sites, environmental corrections, industrial park expansion, infrastructure improvements, as well as industrial and community promotion. The LDFA's governing bodies, which consists of ten members, are composed of seven members selected by the City Council, two members selected by the South Haven School Board, and one member selected by Van Buren County. In addition, the LDFA's budgets are subject to approval by the City Council.
- c. The Brownfield Redevelopment Authority accounts for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup. The City Council appoints the governing body of the Authority and approves the Authority's budget.

The City's officials are also responsible for appointing members to the Board of the South Haven Memorial Library, but the City's accountability for this organization does not extend beyond making these appointments. The City Council appoints five of the voting board members. The Library Board is made up of a total of seven voting board members.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City's primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of each year, the County pays the City for, and is responsible for collecting, any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures for debt service and compensated absences are recorded only when payment is due.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Sewer Rehabilitation Capital Project Fund* accounts for reconstruction of various connections to the City's wastewater system.

The City reports the following major proprietary funds:

The *Electric Enterprise Fund* accounts for the provision of electric services to the residences and businesses of the City and surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance and construction.

The *Water Enterprise Fund* accounts for the provision of water services to the residences and businesses of the City and the surrounding area. Activities necessary to provide such services include, but are not limited to, sales, administration, operations, maintenance and construction.

The *Sewer Enterprise Fund* accounts for the provision of sewer services to the residence, and businesses of the City and surrounding area. Activities necessary to provide services include, but are not limited to, sales, administration, operations, maintenance and construction.

Additionally, the City reports the following fund types:

### **Governmental Funds**

The *Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The *Debt Service Funds* are used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *Capital Projects Funds* are used to account for the accumulation of resources and disbursements for construction projects of governmental funds.

The *Permanent Fund* is used to record the activity of the Cemetery Trust which provides funds for perpetual care of cemetery lots.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### **Proprietary Funds**

*Enterprise Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

*Internal Service Funds* are used to account for data processing, motor pool equipment purchases, and insurance coverage provided to City departments on a cost reimbursement basis. The City is the primary participant in internal service fund activities.

### **Fiduciary Funds**

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. The principal operating revenues of the City's internal service funds are charges to City departments for equipment utilization and information services. Operating expenses for the enterprise fund include depreciation on capital assets, administration operations and maintenance. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### **Property Taxes**

City property taxes are attached as an enforceable lien on property as of December 31. Summer taxes are levied July 1 and are due without penalty on or before September 19. Winter taxes are levied on December 1 and are due without penalty on or before February 14. The City bills and collects its own property taxes. Collections of property taxes and remittances for the state education fund and local school districts are accounted for in the Agency Funds.

### **Restricted Assets**

Certain proceeds of general obligation bonds, as well as certain resources set aside for repayment of enterprise fund debt and balances required by bond covenants, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

### **Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

General Fund	
Property taxes receivable	\$ 42,357
Nonmajor Funds	
Property taxes receivable	9,136
Long-term receivables	<u>39,167</u>
<b>Total deferred revenues</b>	<b><u>\$ 90,660</u></b>

### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.



# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City did not capitalize any interest on construction in enterprise funds during the fiscal year ended June 30, 2005.

Depreciation on capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	40
Office furniture and equipment	3-5
Vehicles	5-10
Public domain infrastructure	40
System infrastructure	20

### **Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### **Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### **Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the government, as well as for its component units, are reported at fair value.

### **Receivables and Payables**

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

## **2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

### **Budgets and Budgetary Accounting**

Budgets are legally adopted for the General, Special Revenue and Debt Service Funds on the modified accrual basis of accounting. Management can transfer appropriations within each fund without seeking Council approval. Any amendments which increase total appropriations for a fund must have Council approval. Supplemental appropriations were necessary during the year. Appropriations lapse at year end.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted on the activity level.

At June 30, 2005, the Museum's activity exceeded budget by \$70.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 3. DEFICIT FUND EQUITY

At June 30, 2005 the City had deficit fund balances in certain funds as follows:

Sewer Rehabilitation Fund	\$1,209,269
Special Revenue Funds	
Site Reclamation	2,524
Component Units	
Local Development Finance Authority #3	227,615

Management plans to eliminate the deficits through the recognition of revenues in subsequent years. The deficit elimination plan had not been filed with the State of Michigan as of our report date.

### 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The captions on the government-wide and fund statements relating to cash and cash equivalents and deposits are as follows:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$8,251,518	\$1,071,694	\$160,465	\$9,483,677
Restricted cash and cash equivalents	81,504	-	-	81,504
Investments	3,013,839	-	8,079	3,021,918
Restricted investments	344,494	-	-	344,494
<b>Total</b>	<b><u>\$11,691,355</u></b>	<b><u>\$1,071,694</u></b>	<b><u>\$168,544</u></b>	<b><u>\$12,931,593</u></b>

These deposits are located in two (2) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and a specific fund or common account. They are recorded in City records at cost. Interest is recorded when earned.

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have, a policy for deposit custodial credit risk. As of year-end, \$10,265,220 of the City's bank balance of \$10,465,220 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### Investments

The City chooses to disclose its investments by specifically identifying each. As of year-end, the City had the following investments:

	<b>Maturity</b>	<b>Fair Value</b>	<b>Rating</b>
Daimler-Chrysler Commercial Paper	8/31/05	\$282,324	A2P2
Daimler-Chrysler Commercial Paper	8/26/05	300,453	A2P2
Federal Home Loan Bank	Callable 7/30/05 Matures 7/30/07	100,000	AAA
Federal Home Loan Bank	Callable 9/30/05 Matures 6/30/08	200,000	AAA
Federal Home Loan Bank	Callable 10/07/05 Matures 10/07/08	100,000	AAA
Federal Home Loan Bank	Callable 9/12/05 Matures 12/12/08	50,000	AAA
Federal Home Loan Mortgage Corporation	Callable 10/15/05 Matures 10/15/09	15,000	AAA
Federal Home Loan Bank	Callable 11/18/05 Matures 11/18/09	20,000	AAA
Federal Home Loan Bank	Callable 7/12/05 Matures 4/12/10	100,000	AAA
Federal Home Loan Bank	Callable 7/29/05 Matures 4/29/10	200,000	AAA
Federal Home Loan Bank	Callable 7/15/05 Matures 7/15/11	125,000	AAA
Federal Home Loan Mortgage Corporation	Callable 7/15/05 Matures 4/15/18	100,000	AAA

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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	<b>Maturity</b>	<b>Fair Value</b>	<b>Rating</b>
Federal Home Loan Bank	Callable 7/23/05 Matures 7/23/18	\$ 600,000	AAA
Federal Home Loan Mortgage Corporation	Callable 9/13/05 Matures 9/13/19	125,000	AAA
Kent County Municipal Bonds	Matures 3/1/07	<u>300,000</u>	AAA
		<u><b>\$2,617,777</b></u>	

The above investments do not include certificates of deposit which are classified as deposits for financial statement purposes as their original maturity date is less than three months.

### ***Investment and Deposit Risk***

***Interest Rate Risk.*** State law limits the allowable investments and the maturities of some of the allowable investments as identified under “statutory authority” below. The City’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

***Credit Risk.*** State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of the City’s specific financial institutions, qualified mutual funds, qualified external investment pools as identified in “statutory authority” below. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

***Custodial Credit Risk – Investments.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk.

***Concentration of Credit Risk.*** State law limits allowable investments but does not limit concentration of credit risk. The City’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

### ***Statutory Authority***

State statutes authorize the City to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through 12/31/97.

### 5. INTERFUND RECEIVABLES AND PAYABLES

The following are the interfund receivables and payables at June 30, 2005:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Nonmajor Governmental:</b>		
Major Street	\$ -	\$12,206
Local Street	12,206	-
Street improvement	100,000	-
Site Reclamation	-	100,000
	<u>-</u>	<u>100,000</u>
<b>Total Nonmajor Governmental</b>	<u><b>112,206</b></u>	<u><b>112,206</b></u>
<b>Nonmajor Enterprise Funds:</b>		
Black River Park	-	86,000
Marina Fund	86,000	-
	<u>86,000</u>	<u>-</u>
<b>Total Nonmajor Enterprise Funds</b>	<u><b>86,000</b></u>	<u><b>86,000</b></u>
<b>TOTAL</b>	<u><b>\$198,206</b></u>	<u><b>\$198,206</b></u>

Due from/to balances reflect cash transfers primarily made to provide operating liquidity due to timing differences of revenues and expenditures.

### 6. LONG-TERM ADVANCES AND INTERFUND TRANSFERS

The following amounts are interfund advances of a long-term nature between the primary government and component unit:

	<u>Advances To</u>	<u>Advances From</u>
<b>PRIMARY GOVERNMENT</b>		
<b>Special Revenue</b>		
Street Improvement	\$ 85,000	\$ -
<b>Enterprise Fund</b>		
Electric	426,381	-
Municipal Marina	155,366	-
<b>Internal Service Fund</b>		
Motor Pool	171,195	-
<b>COMPONENT UNIT</b>		
DDA Tax Increment	-	837,942
	<u>-</u>	<u>837,942</u>
<b>Total</b>	<u><b>\$837,942</b></u>	<u><b>\$837,942</b></u>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

Advances to/from component units reflect long term cash transfers due to improvements made now that will be funded by tax collections in future years.

Interfund Transfers within the Primary Government are as follows:

	<u>In</u>	<u>Out</u>
Governmental Funds:		
General Fund	\$42,679	\$571,250
Sewer Rehabilitation	648,705	210,000
Major Streets	-	75,461
Local Streets	75,950	-
Street Improvement	-	375,000
Revolving Block Grant	-	41,057
Sidewalk Debt Service	-	12,679
Capital Projects	559,061	-
Building Authority #2 Debt Service	222,670	-
Community Block Grant	41,057	-
Capital Improvement	200,000	-
River Maintenance	17,400	-
Cemetery- Perpetual Care	11,700	-
Proprietary Funds:		
Electric Fund	-	222,670
Water Fund	-	109,568
Sewer Fund	210,000	364,137
Black River Park Fund	-	3,900
Marina Fund	-	13,500
Internal Service Fund		30,000
<b>Total</b>	<b><u>\$2,029,222</u></b>	<b><u>\$2,029,222</u></b>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### 7. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance June 30, 2005</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 360,491	\$ -	\$ 1,001	\$359,490
Total capital assets, not being depreciated	<b>360,491</b>	<b>-</b>	<b>1,001</b>	<b>359,490</b>
Capital assets, being depreciated:				
Land Improvements	2,475,136	21,936	-	2,497,072
Buildings and improvements	1,461,740	-	14,464	1,447,276
Machinery and equipment	2,951,548	24,637	39,311	2,936,874
Infrastructure	22,090,833	1,513,910	-	23,604,743
Total capital assets being depreciated	<b>28,979,257</b>	<b>1,560,483</b>	<b>53,775</b>	<b>30,485,965</b>
Less accumulated depreciation for:				
Land Improvements	1,751,506	118,677	-	1,870,183
Buildings and improvements	875,121	39,489	14,464	900,146
Machinery and equipment	1,779,106	336,841	39,311	2,076,636
Infrastructure	13,306,836	560,923	-	13,867,759
Total accumulated depreciation	<b>17,712,569</b>	<b>1,055,930</b>	<b>53,775</b>	<b>18,714,724</b>
Total capital assets, being depreciated, net	<b>11,266,688</b>	<b>504,553</b>	<b>-</b>	<b>11,771,241</b>
Governmental activities capital assets, net	<b>\$ 11,627,179</b>	<b>\$504,553</b>	<b>\$1,001</b>	<b>\$12,130,731</b>

\*Note: During the fiscal year, fully depreciated equipment was transferred from an enterprise fund to the Motor Pool. An addition of \$60,625 was made to both the cost and accumulated depreciation in the schedule above, resulting in a net change of zero.



# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

	<b>Balance July 1, 2004</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance June 30, 2005</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,062	\$ -	\$ -	\$ 23,062
Total capital assets, not being depreciated	<b>23,062</b>	<b>-</b>	<b>-</b>	<b>23,062</b>
Capital assets, being depreciated:				
Land improvements	2,910,918	9,390	-	2,920,308
Buildings and improvements	10,425,583	131,560	-	10,557,143
Utility system	20,983,919	342,910	-	21,326,829
Machinery and equipment	1,089,971	19,680	72,040	1,037,611
Total capital assets, being depreciated	35,410,391	503,540	72,040	35,841,891
Less accumulated depreciation for:				
Land improvements	523,523	140,590	-	664,113
Buildings and improvements	4,275,932	198,377	-	4,474,309
Utility system	10,690,233	301,147	-	10,991,380
Machinery and equipment	652,718	51,849	72,040	632,527
Total accumulated depreciation	16,142,406	691,963	72,040	16,762,329
Total capital assets, being depreciated, net	<b>19,267,983</b>	<b>(188,423)</b>	<b>-</b>	<b>19,079,562</b>
Business-type activities capital assets, net	<u>\$ 19,291,045</u>	<u>\$ (188,423)</u>	<u>\$ -</u>	<u>\$19,102,624</u>
<b>Component Units:</b>				
Capital assets, not being depreciated:				
Land	<b>\$ 212,873</b>	<b>\$ -</b>	<b>\$ 21,420</b>	<b>\$ 191,453</b>
Capital assets, being depreciated:				
Land improvements	54,334	-	-	54,334
Buildings and improvements	4,496,914	-	-	4,496,914
Infrastructure	-	611,115	-	611,115
Total capital assets, being depreciated	4,551,248	-	-	5,162,363
Less accumulated depreciation for:				
Land improvements	39,936	2,717	-	42,653
Buildings and improvements	664,354	112,423	-	776,777
Infrastructure	-	30,556	-	30,556
Total accumulated depreciation	704,290	145,696	-	849,986
Total capital assets, being depreciated, net	<b>3,846,958</b>	<b>465,419</b>	<b>-</b>	<b>4,312,377</b>
Component unit capital assets, net	<u>\$ 4,059,831</u>	<u>\$ 465,419</u>	<u>\$ 21,420</u>	<u>\$4,503,830</u>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

Depreciation expenses were charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 137,427
Public safety	292,033
Public works	266,265
Highways and streets	51,535
Health and welfare	51,535
Recreation and culture	60,125
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	197,010
Total depreciation expense – governmental activities	<u>\$1,055,930</u>
Business-type activities:	
Electric	\$208,741
Water	179,836
Sewer	152,856
Beach	6,063
Black River Park	47,208
Marina	97,259
Total depreciation expense – business type activities	<u>\$691,963</u>

### 8. LONG-TERM DEBT

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
<b>Governmental Activities</b>					
<b>General Obligation Debt:</b>					
\$1,895,000, 1996 Building Authority Bonds, (refinanced) due in annual installments of \$95,000 to \$245,000 through June 2010, including interest at 4.10% and 5.40%.	\$1,165,000	\$ -	\$160,000	\$1,005,000	\$155,000
\$3,700,000, Building Authority Bonds, Series 2001 (Limited Tax General Obligation), due in annual installments of \$125,000 to \$275,000 through November 2021, including interest at 3.25% and 4.50%.	3,445,000	-	135,000	3,310,000	140,000
\$5,800,000 Limited tax general obligation series capital improvement bonds due in annual installments of \$150,000 to \$380,000 through May 2027 including interest at 2.5% to 4.625%	5,545,000	-	155,000	5,390,000	160,000
Accumulated employee benefits	276,594	161,969	115,000	323,563	125,000
<b>Total General Obligation Debt</b>	<b>10,431,594</b>	<b>161,969</b>	<b>565,000</b>	<b>10,028,563</b>	<b>580,000</b>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
<b>Internal Service Funds:</b>					
\$500,000 Motor Pool Installment Purchase Contract Fire Truck, payable through April 1, 2007 in semi- annual installments of \$50,000 including interest at 3.9%.	\$300,000	\$ -	\$100,000	\$200,000	\$100,000
<b>Total Internal Service Funds</b>	<b>300,000</b>	<b>-</b>	<b>100,000</b>	<b>200,000</b>	<b>100,000</b>
<b>Total Governmental Activities</b>	<b>10,731,594</b>	<b>161,969</b>	<b>665,000</b>	<b>10,228,563</b>	<b>680,000</b>
<b>Business-type Activities</b>					
\$2,200,000 Electric Utility System Revenue Bonds series 1996, due in annual installments of \$65,000 to \$180,000 through September 2016, interest at 4.25% to 7.25%.	1,680,000	-	390,000	1,290,000	-
\$470,000 Water System Supply Revenue Bonds, series 2001, due in semi-annual installments of \$15,000 to \$35,000 through April 2021, interest at 3.8% to 5.35%.	425,000	-	15,000	410,000	15,000
<b>Total Business-type Activities</b>	<b>2,105,000</b>	<b>-</b>	<b>405,000</b>	<b>1,700,000</b>	<b>15,000</b>
<b>Component Unit Debt:</b>					
\$3,395,000, Tax Increment Refunding Bonds, Series 2001 (Limited Tax General Obligation), due in annual installments of \$100,000 to \$360,000 through May 2015, including interest at 3.25% to 4.50%.	3,125,000	-	185,000	2,940,000	210,000
\$350,000, 2004 MEDC/CDBG Loan Repayment, due April 2016, non-interest bearing.	350,000	-	57,510	292,490	27,206
\$231,000, DEQ Brownfield loan, due in annual installments through April 2019, including interest at 2.0%, beginning in 2010	-	231,000	-	231,000	-
<b>Total component unit</b>	<b>3,475,000</b>	<b>-</b>	<b>242,910</b>	<b>3,463,490</b>	<b>237,206</b>
<b>Total Long-Term Debt-Reporting Entity</b>	<b>\$16,311,594</b>	<b>\$392,969</b>	<b>\$1,312,910</b>	<b>\$15,392,053</b>	<b>\$932,206</b>

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debt outstanding as of June 30, 2005 (excluding accumulated employee benefits) are as follows:

Year Ending June 30,	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$555,000	\$415,228	\$15,000	\$84,487	\$237,206	\$121,368
2007	605,000	394,678	20,000	83,873	262,208	114,018
2008	510,000	372,310	20,000	83,033	297,208	105,558
2009	525,000	352,007	130,000	79,258	307,208	95,298
2010	585,000	330,478	140,000	72,223	342,421	84,098
2011-2015	1,900,000	1,382,201	830,000	237,583	1,900,828	244,015
2016-2020	2,370,000	945,139	510,000	50,715	116,411	4,848
2021-2025	2,110,000	420,206	35,000	1,872	-	-
2026-2027	745,000	52,029	-	-	-	-
<b>Total</b>	<b>\$9,905,000</b>	<b>4,664,276</b>	<b>\$1,700,000</b>	<b>\$693,044</b>	<b>\$3,463,490</b>	<b>\$769,203</b>

The accumulated employee benefits represent the estimated liability to be paid to governmental fund type employees under the City's sick and vacation pay policy, net of the portion that is estimated will be paid with expendable available financial resource. The long-term portion of accrued sick pay is funded by the City's Employees' Retirement Sick Leave Special Revenue Fund. Under the City's policy, employees earn sick and vacation time based on time of service with the City. For governmental activities, accumulated employee benefits are generally liquidated by the general fund.

### 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority for all other claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. The City has elected to participate in the Authority's stop loss program, which limits the paid losses, under most circumstances, to \$75,000 in any one year.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

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### 10. CONTINGENCIES

The City is a defendant in several litigations. The civil suits will likely be covered by the City's liability insurance, and City Management considers the City's exposure under other suits to be immaterial. No provision for any loss has been made in the financial statements.

### 11. POST-EMPLOYMENT BENEFITS

The City provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, eight (8) retirees are eligible. The City includes pre-Medicare retirees and their dependents in an independent health care plan, with 50 percent contribution required by the employee and 100 percent contributions by dependents. Expenditures for post-employment health care benefits are recognized as claims are paid. During the year, this amounted to approximately \$23,497.

### 12. PENSION PLANS

#### Defined Benefit Plan

#### Plan Description

The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multi-employer defined benefit pension plan providing retirement, death and disability benefits covering all City employees. The System is administered by the MERS retirement board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

The City is required to contribute at an actuarially determined rate; the current year amount was \$-0-. Participating employees are required to contribute to the Plan between four (4.0) and six (6.0) percent of gross wages, depending on collective bargaining agreements and the City personnel handbook. The contribution requirements of the City and employees are established and may be amended by the MERS Retirement Board.

For the year ended June 30, 2005, the City's annual pension cost of \$-0- for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of eight (8.0) percent; and (b) projected salary increases of four and one-half (4.5) percent per year compounded annually, plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

# CITY OF SOUTH HAVEN

## NOTES TO FINANCIAL STATEMENTS

### Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ -	100%	\$ -
2004	-	100%	-
2005	-	100%	-

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio Total</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/2002	\$17,991,314	\$13,303,294	\$(4,688,020)	135%	\$3,144,661	(149)%
12/31/2003	18,695,210	14,120,485	(4,574,725)	132%	3,242,705	(141)%
12/31/2004	19,219,750	14,902,201	(4,317,549)	129%	3,239,607	(133)%

### Defined Contribution Plan

The City provides a defined contribution retirement plan for the City Manager through the International City and City Managers Administration (ICMA). The contribution plan for the City Manager is determined through a contractual arrangement with the City and the contribution rate is currently set at fifteen (15.0) percent of the Manager's gross salary, less any vehicle allowance. The salary covered under the defined contribution plan for the period ended June 30, 2005 was \$87,012. The total contribution made to the plan was equal to the amount required of \$13,052.

### 13. JOINT VENTURES

The City, along with Casco Township, Geneva Township, and South Haven Charter Township, is a member of the South Haven Area Emergency Services Authority ("SHAES"). On dissolution of the Authority, all property which is titled to or otherwise owned by the City or Townships shall remain the property of the City or respective Township. All monies and funds which are the property of the Authority shall be distributed between the City and Townships in accordance with the most recent contribution percentages, after deducting any expenses associated with the dissolution of the Board and the Authority. The City's equity percentage at June 30, 2005 was 44 percent.

The Authority Board is governed by an administrative board of five members consisting of two members appointed by the City and one member by each of the three Townships.

The City's equity interest in the Authority at December 31, 2004 is \$846,955. Complete financial statements for the Authority can be obtained from the City of South Haven Finance Department.

\* \* \* \* \*

## GENERAL FUND

The *General Fund* accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. In the City of South Haven the functions of the General Fund include Legislative, General Administration, Parks, Police, Fire, Development and Public Services activities not recorded in Special Revenue or Enterprise Funds. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state shared revenues, transfers from other funds, fees and interest.

## NONMAJOR FUNDS, INTERNAL SERVICE FUNDS AND FIDUCIARY FUNDS

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### SPECIAL REVENUE FUNDS

The *Major and Local Street Funds* account for the operations of street maintenance and capital improvements. Financing is provided primarily from the City share of State collected gasoline and other vehicular taxes and from grants, per Public Act 51.

The *Street Improvement Fund* accounts for the accumulation of resource restricted for use in improving streets. Financing is provided primarily from property taxes.

The *Garbage/Refuse Fund* accounts for residential garbage collection in the City. Financing is provided by a separate tax levy allowed by Public Act 127.

The *Site Reclamation Fund* accounts for a State of Michigan Department of Environmental Quality Grant for the specific purpose of site reclamation of the Belgravia/Hamlin Overton Brownfield site.

The *Narcotics Unit Fund* accounts for special drug enforcement including an officer assigned to the Southwest Enforcement Team. Financing is provided by a specific voted property tax levy of 0.7527 mills.

The *Police Training Fund* accounts for state grants specifically designated for police and dispatcher training.

The *Revolving Block Grant Fund* accounts for repayments of housing rehabilitation loans funded through the Community Development Block Grant program.

The *Community Development Block Grant Revolving Loan Fund* accounts for repayments of loans for new housing construction through Habitat for Humanity and the Community Development Block Grant program.

The *River Maintenance Fund* accounts for the dredging and maintenance of the Black River.

The *Sick Pay Reserve Fund* accounts for the cash reserves for unused sick and vacation time.

### CAPITAL PROJECT FUNDS

The *Cemetery Improvements Fund* accounts for improvements in the City owned cemetery.

The *Capital Projects Fund* represents funds set aside for future capital expenditures.

The *Building Authority Construction Fund* accounts for construction of the City's public facilities.



## DEBT SERVICE FUNDS

The *Building Authority #1 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds. The sources of revenue for this fund are lease payments from the General Fund (Police Division), the Marina Fund and South Haven Area Emergency Services Authority (SHAES).

The *Sidewalk Debt Service Fund* accumulates funds for payment of principal and interest on special assessment bonds and general obligation bonds that were issued to finance the sidewalk improvement program. This Fund made its last bond payment in FY 2002. This Fund continues to accumulate funds as a result of special assessments still being paid off in FY 2003. The Fund will receive its last special assessment payment in FY 2004.

The *Building Authority #2 Debt Service Fund* accumulates funds for the payment of principal and interest on Building Authority Bonds issued for the new Public Works Facility. The sources of revenue for this fund are transfers from the Downtown Development Authority (DDA), the Electric Fund and Local Development Finance Authority #2.

The *Capital Improvement Bond Debt Service Fund* accumulates funds for payment of principal and interest for Bonds issued to finance infrastructure improvements. The sources of revenue for this fund are transfers from the Downtown Development Authority (DDA), the Sewer Fund and Local Development Finance Authority #1.

## PERMANENT FUND

The *Cemetery Perpetual Care* accounts for the revenue received in prior years from perpetual care charges paid by the families of those persons buried in the cemetery. The principal in this fund must be maintained intact per state law and the interest earnings are transferred to the General Fund to help finance the perpetual care of cemeteries.

## ENTERPRISE FUNDS

The *Beach Fund* provides for the maintenance and improvement of the City beaches. Financing is provided from beach parking fees and fines.

The *Black River Park Fund* accounts for boat launching and parking services at Black River Park, along with seasonal and transient dock rental.

The *Marina Fund* accounts for seasonal and transient dock rental at the City owned municipal marina.

## INTERNAL SERVICE FUNDS

The *Motor Pool Fund* accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various City departments. Costs are billed to the user departments based on rental rates adjusted annually.

The *Information Services Fund* accounts for the costs of purchasing and maintaining computer operations for the City. Costs for computer services are billed to the user departments based on rental rates adjusted annually.

The *Self Insurance Fund* accounts for costs associated with the City health insurance program.

## FIDUCIARY FUNDS

Agency Funds:

The *Payroll Tax Collection Fund* accounts for the accumulation of employee payroll withholdings and payment thereof to appropriate vendors.

The *Current Tax Collection Fund* accounts for the collection and disbursements of property taxes billed and collected by the City on behalf of City, the County, school districts, and other entities..

The *Trust and Agency Fund* accounts for assets held in trust.

## COMPONENT UNITS

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The *Downtown Development Authority (DDA) Operating Fund* accumulates tax revenue “captured” in the DDA district for projects in the DDA district. Each year this fund transfers to the DDA Debt Service Fund an amount sufficient to pay the annual principal and interest on the DDA bonds and pay principal and interest on loans from other City funds.

The *Downtown Development Authority (DDA) Debt Service Fund* is used to make the DDA bond payments and to repay loans from other funds. The source of funds is a transfer from the DDA Operating Fund.

The *Local Development Finance Authority Funds (LDFA)* account for “captured” tax revenue in the LDFA districts. The “captured” tax revenue is used for further development in the district.

The *Brownfield Redevelopment Authority* accounts for "captured" tax revenue on specific properties within the City that have been identified and approved by the State of Michigan as brownfields requiring site reclamation. These revenues are used to reimburse property owners for expenses incurred for brownfield cleanup.

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**CITY OF SOUTH HAVEN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
AMENDED BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
TAXES				
Real and personal property tax	\$ 2,749,303	\$ 2,759,303	\$ 2,747,915	\$ (11,388)
Payments in lieu of taxes	664,425	664,425	663,530	(895)
Collection fees	140,000	147,500	147,919	419
TOTAL TAXES	3,553,728	3,571,228	3,559,364	(11,864)
LICENSES AND PERMITS				
Business	57,800	57,800	58,883	1,083
Nonbusiness	141,550	141,550	141,400	(150)
TOTAL LICENSES AND PERMITS	199,350	199,350	200,283	933
STATE SOURCES				
State-shared revenue	508,338	503,735	500,862	(2,873)
Liquor license fees	8,517	8,517	9,929	1,412
TOTAL STATE SOURCES	516,855	512,252	510,791	(1,461)
CHARGES FOR SERVICES				
Planning and zoning fees	19,900	19,900	28,553	8,653
Foundations - cemetery	6,500	6,500	8,205	1,705
Grave openings	12,200	12,200	24,950	12,750
Cemetery lot use	19,260	19,260	11,364	(7,896)
Charges for services	348,765	348,765	348,765	-
TOTAL CHARGES FOR SERVICES	406,625	406,625	421,837	15,212
FINES AND FORFEITS				
Ordinance fines	13,000	13,000	17,887	4,887
Other fines	10,230	10,230	4,432	(5,798)
TOTAL FINES AND FORFEITS	23,230	23,230	22,319	(911)
INTEREST AND RENTALS	41,000	51,000	67,844	16,844
OTHER REVENUE	274,277	395,517	448,495	52,978
TOTAL REVENUES	5,015,065	5,159,202	5,230,933	71,731

(Continued)

**CITY OF SOUTH HAVEN**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
AMENDED BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
EXPENDITURES				
GENERAL GOVERNMENT				
City council	\$ 37,483	\$ 34,483	\$ 22,948	\$ 11,535
City manager	165,500	170,500	164,146	6,354
Elections	20,685	21,435	20,654	781
Finance department	155,695	155,695	150,878	4,817
City assessor	122,611	122,611	107,441	15,170
Legal counsel	70,000	110,000	107,467	2,533
City clerk	24,743	25,943	24,142	1,801
Treasurer	42,018	40,018	37,322	2,696
City Hall and grounds	180,763	180,763	152,426	28,337
Cemetery	93,535	93,535	83,183	10,352
Cable TV broadcasting	48,713	42,613	29,983	12,630
Other personnel activities	23,000	23,000	16,382	6,618
Insurance and bonds	60,000	52,500	50,448	2,052
TOTAL GENERAL GOVERNMENT	1,044,746	1,073,096	967,420	105,676
PUBLIC SAFETY				
Police department	1,584,673	1,590,773	1,552,966	37,807
Dispatch department	284,447	284,447	272,506	11,941
Ambulance	151,300	81,300	74,527	6,773
Fire authority	491,812	492,012	492,008	4
Building inspections	221,514	229,014	215,662	13,352
TOTAL PUBLIC SAFETY	2,733,746	2,677,546	2,607,669	69,877
PUBLIC WORKS				
City engineer	74,106	74,106	66,139	7,967
Highways and streets	419,509	419,509	343,543	75,966
Drains	73,225	69,225	66,561	2,664
Street lighting	70,000	70,000	70,000	-
TOTAL PUBLIC WORKS	636,840	632,840	546,243	86,597
HEALTH AND WELFARE				
Animal control	7,000	7,000	7,000	-
Hospital	81,444	81,444	79,238	2,206
Senior services	53,860	53,860	52,500	1,360
TOTAL HEALTH AND WELFARE	142,304	142,304	138,738	3,566
RECREATION AND CULTURE				
Parks department	176,711	188,211	183,306	4,905
Library	133,262	133,262	132,400	862
Youth recreation	10,000	10,000	10,000	-
Museums	15,369	15,369	15,439	(70)
TOTAL RECREATION AND CULTURE	335,342	346,842	341,145	5,697

(Continued)

**CITY OF SOUTH HAVEN**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
AMENDED BUDGET AND ACTUAL (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
EXPENDITURES (CONTINUED)				
OTHER				
Airport	\$ 66,626	\$ 66,626	\$ 65,885	\$ 741
Economic development	45,034	45,034	35,774	9,260
Miscellaneous	16,834	17,599	17,596	3
TOTAL OTHER	128,494	129,259	119,255	10,004
TOTAL EXPENDITURES	5,021,472	5,001,887	4,720,470	281,417
NET CHANGE IN FUND BALANCE	(6,407)	157,315	510,463	353,148
OTHER FINANCING SOURCES (USES)				
Transfers in	(30,000)	42,685	42,679	(6)
Transfers (out)	(70,760)	(571,250)	(571,250)	-
TOTAL OTHER FINANCING SOURCES (USES)	(100,760)	(528,565)	(528,571)	(6)
NET CHANGE IN FUND BALANCE	(107,167)	(371,250)	(18,108)	353,142
FUND BALANCE, BEGINNING OF YEAR	1,235,801	1,235,801	1,235,801	-
FUND BALANCE, END OF YEAR	\$ 1,128,634	\$ 864,551	\$ 1,217,693	\$ 353,142

(Concluded)

**CITY OF SOUTH HAVEN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

	SPECIAL REVENUE											
	MAJOR STREET	LOCAL STREET	STREET IMPROVEMENT	GARBAGE REFUSE	SITE RECLAMATION	NARCOTICS UNIT	POLICE TRAINING	REVOLVING BLOCK GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT	RIVER MAINTENANCE	SICK PAY RESERVE	
ASSETS												
Cash and cash equivalents	\$ 256,797	\$ 11,506	\$ 46,859	\$ 97,961	\$ 319	\$ 73,745	\$ 3,859	\$ -	\$ 249,331	\$ 58,049	\$ 89,642	
Investments	-	-	-	-	-	-	-	-	-	-	-	
Receivables:												
Taxes	-	-	1,758	4,702	-	2,675	-	-	-	-	-	
Others	-	-	-	-	-	1,665	-	-	41,668	-	1,468	
Due from other funds	-	12,206	100,000	-	-	-	-	-	-	-	-	
Due from other governmental units	64,725	16,762	-	-	102,345	-	-	-	-	-	-	
Advances to component unit	-	-	85,000	-	-	-	-	-	-	-	-	
Prepaid items	1,723	1,961	-	-	-	3,365	-	-	-	-	-	
TOTAL ASSETS	\$ 323,245	\$ 42,435	\$ 233,617	\$ 102,663	\$ 102,664	\$ 81,450	\$ 3,859	\$ -	\$ 290,999	\$ 58,049	\$ 91,110	
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ 1,357	\$ 3,044	58,575	\$ -	\$ 5,188	\$ 16,569	\$ -	\$ -	\$ 500	\$ -	-	
Accrued expenses and other liabilities	1,537	1,779	-	-	-	4,241	-	-	-	-	-	
Due to other funds	12,206	-	-	-	100,000	-	-	-	-	-	-	
Deferred revenue	-	-	1,758	4,703	-	2,675	-	-	39,167	-	-	
TOTAL LIABILITIES	15,100	4,823	60,333	4,703	105,188	23,485	-	-	39,667	-	-	
FUND BALANCES												
Reserved												
CDBG program	-	-	-	-	-	-	-	-	251,332	-	-	
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	
Advance	-	-	85,000	-	-	-	-	-	-	-	-	
Capital projects	-	-	-	-	-	-	-	-	-	-	-	
Debt Service	-	-	-	-	-	-	-	-	-	-	-	
Unreserved:												
Undesignated (deficit)	308,145	37,612	88,284	97,960	(2,524)	57,965	3,859	-	-	58,049	91,110	
TOTAL FUND BALANCES (DEFICIT)	308,145	37,612	173,284	97,960	(2,524)	57,965	3,859	-	251,332	58,049	91,110	
TOTAL LIABILITIES AND FUND BALANCES	\$ 323,245	\$ 42,435	\$ 233,617	\$ 102,663	\$ 102,664	\$ 81,450	\$ 3,859	\$ -	\$ 290,999	\$ 58,049	\$ 91,110	

(Continued)

**CITY OF SOUTH HAVEN**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

**JUNE 30, 2005**

	CAPITAL PROJECTS			DEBT SERVICE				PERMANENT	TOTAL
	CEMETERY	CAPITAL	BUILDING	BUILDING	SIDEWALK	BUILDING	CAPITAL	CEMETERY	NONMAJOR
ASSETS	IMPROVEMENT	PROJECTS	AUTHORITY	AUTHORITY #1	DEBT	AUTHORITY #2	IMPROVEMENT	TRUST	GOVERNMENTAL
			CONSTRUCTION		SERVICE		BONDS		FUNDS
Cash and cash equivalents	\$ 194,546	\$ 663,016	\$ -	\$ 27,243	\$ -	\$ 10,491	\$ 1,811	\$ 3,899	\$ 1,789,074
Investments	-	-	-	-	-	-	-	147,083	147,083
Receivables:									
Taxes	-	-	-	-	-	-	-	-	9,135
Others	9	-	-	-	-	-	-	856	45,666
Due from other funds	-	-	-	-	-	-	-	-	112,206
Due from other governmental units	-	-	-	-	-	-	-	-	183,832
Advances to component unit	-	-	-	-	-	-	-	-	85,000
Prepaid items	-	-	-	-	-	-	-	-	7,049
<b>TOTAL ASSETS</b>	<b>\$ 194,555</b>	<b>\$ 663,016</b>	<b>\$ -</b>	<b>\$ 27,243</b>	<b>\$ -</b>	<b>\$ 10,491</b>	<b>\$ 1,811</b>	<b>\$ 151,838</b>	<b>\$ 2,379,045</b>
<b>LIABILITIES AND FUND BALANCES</b>									
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332	\$ 85,565
Accrued expenses and other liabilities	-	-	-	-	-	-	-	-	7,557
Due to other funds	-	-	-	-	-	-	-	-	112,206
Deferred revenue	-	-	-	-	-	-	-	-	48,303
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332</b>	<b>253,631</b>
FUND BALANCES									
Reserved									
CDBG program	-	-	-	-	-	-	-	-	251,332
Perpetual care	-	-	-	-	-	-	-	126,675	126,675
Advance	-	-	-	-	-	-	-	-	85,000
Capital projects	194,555	663,016	-	-	-	-	-	-	857,571
Debt Service	-	-	-	27,243	-	10,491	1,811	-	39,545
Unreserved:									
Undesignated (deficit)	-	-	-	-	-	-	-	24,831	765,291
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>194,555</b>	<b>663,016</b>	<b>-</b>	<b>27,243</b>	<b>-</b>	<b>10,491</b>	<b>1,811</b>	<b>151,506</b>	<b>2,125,414</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 194,555</b>	<b>\$ 663,016</b>	<b>\$ -</b>	<b>\$ 27,243</b>	<b>\$ -</b>	<b>\$ 10,491</b>	<b>\$ 1,811</b>	<b>\$ 151,838</b>	<b>\$ 2,379,045</b>

(Concluded)



**CITY OF SOUTH HAVEN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	SPECIAL REVENUE FUNDS										
	MAJOR	LOCAL	STREET	GARBAGE	SITE	NARCOTICS	POLICE	REVOLVING	COMMUNITY	RIVER	SICK PAY
	STREET	STREET	IMPROVEMENT	REFUSE	RECLAMATION	UNIT	TRAINING	BLOCK GRANT	DEVELOPMENT	MAINTENANCE	RESERVE
REVENUES											
Property taxes	\$ -	\$ -	\$ 606,827	\$ 269,582	\$ -	\$ 160,588	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues:											
State	322,005	103,609	-	-	4,976	-	6,850	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-	-
Interest income	3,712	277	403	3,075	-	1,375	-	466	3,534	709	3,827
Other	-	-	-	-	-	11,091	-	-	55,115	-	-
TOTAL REVENUES	325,717	103,886	607,230	272,657	4,976	173,054	6,850	466	58,649	709	3,827
EXPENDITURES											
Current:											
Public safety	-	-	58,946	-	-	189,187	6,891	-	-	-	-
Highways and streets	233,441	162,336	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	252,897	4,977	-	-	-	139,740	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	25	-
TOTAL EXPENDITURES	233,441	162,336	58,946	252,897	4,977	189,187	6,891	-	139,740	25	-
REVENUES OVER (UNDER) EXPENDITURES	92,276	(58,450)	548,284	19,760	(1)	(16,133)	(41)	466	(81,091)	684	3,827
OTHER FINANCING SOURCES (USES)											
Transfers in	-	75,950	-	-	-	-	-	-	41,057	17,400	-
Transfers (out)	(75,461)	-	(375,000)	-	-	-	-	(41,057)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(75,461)	75,950	(375,000)	-	-	-	-	(41,057)	41,057	17,400	-
NET CHANGE IN FUND BALANCES	16,815	17,500	173,284	19,760	(1)	(16,133)	(41)	(40,591)	(40,034)	18,084	3,827
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	291,330	20,112	-	78,200	(2,523)	74,098	3,900	40,591	291,366	39,965	87,283
FUND BALANCES (DEFICIT), END OF YEAR	\$ 308,145	\$ 37,612	\$ 173,284	\$ 97,960	\$ (2,524)	\$ 57,965	\$ 3,859	\$ -	\$ 251,332	\$ 58,049	\$ 91,110

(Continued)

**CITY OF SOUTH HAVEN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2005**

	CAPITAL PROJECTS			DEBT SERVICE				PERMANENT	TOTAL
	CEMETERY	CAPITAL	BUILDING	BUILDING	BUILDING	CAPITAL			NONMAJOR
	IMPROVEMENT	PROJECTS	AUTHORITY	AUTHORITY #1	SIDEWALK	IMPROVEMENT		CEMETERY	GOVERNMENTAL
			CONSTRUCTION			BONDS		TRUST	FUNDS
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,036,997
Intergovernmental revenues:									
State	-	-	-	-	-	-	-	-	437,440
Rental income	-	-	-	220,275	-	-	-	-	220,275
Interest income	12,702	1,840	271	2,066	113	862	2,011	4,117	41,360
Other	-	-	-	-	-	53,430	178,500	-	298,136
TOTAL REVENUES	12,702	1,840	271	222,341	113	54,292	180,511	4,117	2,034,208
EXPENDITURES									
Current:									
Public safety	-	-	-	-	-	-	-	-	255,024
Highways and streets	-	-	-	-	-	-	-	-	395,777
Health and welfare	-	-	-	-	-	-	-	-	397,614
Other	-	-	-	-	-	275	250	-	525
Debt service:									
Principal	-	-	-	160,000	-	135,000	155,000	-	450,000
Interest and fiscal charges	-	-	-	61,025	-	140,816	223,670	-	425,511
Capital outlay	21,936	-	39,336	-	-	-	-	-	61,297
TOTAL EXPENDITURES	21,936	-	39,336	221,025	-	276,091	378,920	-	1,985,748
REVENUES OVER (UNDER) EXPENDITURES	(9,234)	1,840	(39,065)	1,316	113	(221,799)	(198,409)	4,117	48,460
OTHER FINANCING SOURCES (USES)									
Transfers in	-	559,061	-	-	-	222,670	200,000	11,700	1,127,838
Transfers (out)	-	-	-	-	(12,679)	-	-	-	(504,197)
TOTAL OTHER FINANCING SOURCES (USES)	-	559,061	-	-	(12,679)	222,670	200,000	11,700	623,641
NET CHANGE IN FUND BALANCES	(9,234)	560,901	(39,065)	1,316	(12,566)	871	1,591	15,817	672,101
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	203,789	102,115	39,065	25,927	12,566	9,620	220	135,689	1,453,313
FUND BALANCES (DEFICIT), END OF YEAR	\$ 194,555	\$ 663,016	\$ -	\$ 27,243	\$ -	\$ 10,491	\$ 1,811	\$ 151,506	\$ 2,125,414

(Concluded)

**CITY OF SOUTH HAVEN**

**MAJOR STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ 328,232	\$ 329,732	\$ 322,005	\$ (7,727)
Interest	2,000	3,100	3,712	612
 TOTAL REVENUES	 330,232	 332,832	 325,717	 (7,115)
EXPENDITURES				
Bridges	4,739	7,689	7,098	591
Maintenance	87,558	144,558	127,346	17,212
Traffic services	22,612	22,612	11,357	11,255
Winter maintenance	44,704	39,204	33,462	5,742
Trunkline maintenance	22,516	22,516	20,162	2,354
General administration	14,184	17,184	14,016	3,168
Engineering	20,000	20,000	20,000	-
 TOTAL EXPENDITURES	 216,313	 273,763	 233,441	 40,322
REVENUES OVER (UNDER) EXPENDITURES	113,919	59,069	92,276	33,207
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(77,058)	(77,058)	(75,461)	1,597
NET CHANGE IN FUND BALANCE	36,861	(17,989)	16,815	34,804
FUND BALANCE, BEGINNING OF YEAR	291,330	291,330	291,330	-
FUND BALANCE, END OF YEAR	\$ 328,191	\$ 273,341	\$ 308,145	\$ 34,804

**CITY OF SOUTH HAVEN**

**LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ 105,876	\$ 105,876	\$ 103,609	\$ (2,267)
Interest	-	250	277	27
TOTAL REVENUES	105,876	106,126	103,886	(2,240)
EXPENDITURES				
Maintenance	125,208	115,208	92,390	22,818
Traffic services	17,066	16,066	16,026	40
Winter maintenance	29,073	32,073	30,921	1,152
General administration	13,690	16,690	13,999	2,691
Engineering	9,000	9,000	9,000	-
TOTAL EXPENDITURES	194,037	189,037	162,336	26,701
REVENUES OVER (UNDER) EXPENDITURES	(88,161)	(82,911)	(58,450)	24,461
OTHER FINANCING SOURCES (USES)				
Transfers in	77,058	77,547	75,950	(1,597)
NET CHANGE IN FUND BALANCE	(11,103)	(5,364)	17,500	22,864
FUND BALANCE, BEGINNING OF YEAR	20,112	20,112	20,112	-
FUND BALANCE, END OF YEAR	\$ 9,009	\$ 14,748	\$ 37,612	\$ 22,864

**CITY OF SOUTH HAVEN**

**STREET IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 375,101	\$ 578,901	\$ 606,827	\$ 27,926
Interest	1,000	1,000	403	(597)
TOTAL REVENUES	376,101	579,901	607,230	27,329
EXPENDITURES				
Maintenance	375,000	100,000	58,946	41,054
REVENUES OVER (UNDER) EXPENDITURES	1,101	479,901	548,284	68,383
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(375,000)	(375,000)	-
NET CHANGE IN FUND BALANCE	1,101	104,901	173,284	68,383
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ 1,101	\$ 104,901	\$ 173,284	\$ 68,383

***CITY OF SOUTH HAVEN***

***GARBAGE/REFUSE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL***

***FOR THE YEAR ENDED JUNE 30, 2005***

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 270,852	\$ 270,852	\$ 269,582	\$ (1,270)
Interest	1,000	1,000	3,075	2,075
TOTAL REVENUES	271,852	271,852	272,657	805
EXPENDITURES				
Health and welfare	250,000	255,000	252,897	2,103
NET CHANGE IN FUND BALANCES	21,852	16,852	19,760	2,908
FUND BALANCE, BEGINNING OF YEAR	78,200	78,200	78,200	-
FUND BALANCE, END OF YEAR	\$ 100,052	\$ 95,052	\$ 97,960	\$ 2,908

**CITY OF SOUTH HAVEN**

**SITE RECLAMATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
State	\$ 200,000	\$ 200,000	\$ 4,976	\$ (195,024)
EXPENDITURES				
Health and welfare	200,000	200,000	4,977	195,023
NET CHANGE IN FUND BALANCE	-	-	(1)	(1)
FUND BALANCE (DEFICIT) , BEGINNING OF YEAR	(2,523)	(2,523)	(2,523)	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ (2,523)	\$ (2,523)	\$ (2,524)	\$ (1)

**CITY OF SOUTH HAVEN**

**NARCOTICS UNIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property taxes	\$ 161,325	\$ 161,325	\$ 160,588	\$ (737)
Interest income	1,000	1,000	1,375	375
Other	7,899	7,899	11,091	3,192
TOTAL REVENUES	170,224	170,224	173,054	2,830
EXPENDITURES				
Public safety	182,965	197,565	189,187	8,378
NET CHANGE IN FUND BALANCE	(12,741)	(27,341)	(16,133)	11,208
FUND BALANCE, BEGINNING OF YEAR	74,098	74,098	74,098	-
FUND BALANCE, END OF YEAR	\$ 61,357	\$ 46,757	\$ 57,965	\$ 11,208



***CITY OF SOUTH HAVEN***

***POLICE TRAINING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL***

***FOR THE YEAR ENDED JUNE 30, 2005***

	ORIGINAL AMENDED		ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
	BUDGET	BUDGET		
REVENUES				
Intergovernmental revenues:				
State	\$ 7,500	\$ 7,500	\$ 6,850	\$ (650)
EXPENDITURES				
Public safety	7,500	7,800	6,891	909
NET CHANGE IN FUND BALANCE	-	(300)	(41)	259
FUND BALANCE, BEGINNING OF YEAR	3,900	3,900	3,900	-
FUND BALANCE, END OF YEAR	\$ 3,900	\$ 3,600	\$ 3,859	\$ 259

***CITY OF SOUTH HAVEN***

***REVOLVING BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL***

***FOR THE YEAR ENDED JUNE 30, 2005***

	ORIGINAL AMENDED		ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
	BUDGET	BUDGET		
REVENUES				
Interest income	\$ 300	\$ 600	\$ 466	\$ (134)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(41,190)	(41,190)	(41,057)	133
NET CHANGE IN FUND BALANCE	(40,890)	(40,590)	(40,591)	(1)
FUND BALANCE, BEGINNING OF YEAR	40,591	40,591	40,591	-
FUND BALANCE, END OF YEAR	\$ (299)	\$ 1	\$ -	\$ (1)

**CITY OF SOUTH HAVEN**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest income	\$ -	\$ 3,000	\$ 3,534	\$ 534
Other	14,167	54,282	55,115	833
TOTAL REVENUES	14,167	57,282	58,649	1,367
EXPENDITURES				
Health and welfare	-	205,458	139,740	65,718
REVENUES OVER (UNDER) EXPENDITURES	14,167	(148,176)	(81,091)	67,085
OTHER FINANCING SOURCES				
Transfers in	-	40,890	41,057	167
NET CHANGE IN FUND BALANCE	14,167	(107,286)	(40,034)	67,252
FUND BALANCE, BEGINNING OF YEAR	291,366	291,366	291,366	-
FUND BALANCE, END OF YEAR	\$ 305,533	\$ 184,080	\$ 251,332	\$ 67,252

**CITY OF SOUTH HAVEN**

**RIVER MAINTENANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest income	\$ 240	\$ 540	\$ 709	\$ 169
TOTAL REVENUE	240	540	709	169
EXPENDITURES				
Capital outlay	-	250	25	225
REVENUES OVER (UNDER) EXPENDITURES	240	290	684	394
OTHER FINANCING SOURCES				
Transfers in	17,400	17,400	17,400	-
NET CHANGE IN FUND BALANCE	17,640	17,690	18,084	394
FUND BALANCE, BEGINNING OF YEAR	39,965	39,965	39,965	-
FUND BALANCE, END OF YEAR	\$ 57,605	\$ 57,655	\$ 58,049	\$ 394

***CITY OF SOUTH HAVEN***

***SICK PAY RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL***

***FOR THE YEAR ENDED JUNE 30, 2005***

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest income	\$ 900	\$ 900	\$ 3,827	\$ 2,927
EXPENDITURES				
Health and welfare	18,000	18,000	-	18,000
NET CHANGE IN FUND BALANCE	(17,100)	(17,100)	3,827	20,927
FUND BALANCE, BEGINNING OF YEAR	87,283	87,283	87,283	-
FUND BALANCE, END OF YEAR	\$ 70,183	\$ 70,183	\$ 91,110	\$ 20,927

**CITY OF SOUTH HAVEN**

**BUILDING AUTHORITY FUND DEBT SERVICE FUND #1  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Rental income	\$ 220,275	\$ 220,275	\$ 220,275	\$ -
Interest income	350	1,350	2,066	716
TOTAL REVENUES	220,625	221,625	222,341	716
EXPENDITURES				
Debt Service:				
Principal	160,000	160,000	160,000	-
Interest and fiscal charges	60,575	61,025	61,025	-
TOTAL EXPENDITURES	220,575	221,025	221,025	-
NET CHANGE IN FUND BALANCE	50	600	1,316	716
FUND BALANCE, BEGINNING OF YEAR	25,927	25,927	25,927	-
FUND BALANCE, END OF YEAR	\$ 25,977	\$ 26,527	\$ 27,243	\$ 716

***CITY OF SOUTH HAVEN***

***SIDEWALK DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL***

***FOR THE YEAR ENDED JUNE 30, 2005***

	AMENDED BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Interest and rental income	\$ 90	\$ 90	\$ 113	\$ 23
EXPENDITURES				
Transfers out	12,685	12,685	12,679	6
NET CHANGE IN FUND BALANCE	(12,595)	(12,595)	(12,566)	29
FUND BALANCE, BEGINNING OF YEAR	12,566	12,566	12,566	-
FUND BALANCE, END OF YEAR	\$ (29)	\$ (29)	\$ -	\$ 29

**CITY OF SOUTH HAVEN**

**BUILDING AUTHORITY DEBT SERVICE FUND # 2  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Other	\$ 53,430	\$ 53,430	\$ 53,430	\$ -
Interest income	500	500	862	362
TOTAL REVENUES	53,930	53,930	54,292	362
EXPENDITURES				
Debt Service:				
Principal	135,000	135,000	135,000	-
Interest and fiscal charges	140,817	140,817	140,816	1
Other	275	275	275	-
TOTAL EXPENDITURES	276,092	276,092	276,091	1
REVENUES (UNDER) EXPENDITURES	(222,162)	(222,162)	(221,799)	363
OTHER FINANCING SOURCES				
Transfers in	222,670	222,670	222,670	-
NET CHANGE IN FUND BALANCE	508	508	871	363
FUND BALANCE, BEGINNING OF YEAR	9,620	9,620	9,620	-
FUND BALANCE, END OF YEAR	\$ 10,128	\$ 10,128	\$ 10,491	\$ 363



**CITY OF SOUTH HAVEN**

**CAPITAL IMPROVEMENT BONDS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Other	\$ 178,500	\$ 178,500	\$ 178,500	\$ -
Interest income	500	500	2,011	1,511
TOTAL REVENUES	179,000	179,000	180,511	1,511
EXPENDITURES				
Debt Service:				
Principal	155,000	155,000	155,000	-
Interest and fiscal charges	223,670	223,670	223,670	-
Other	250	250	250	-
TOTAL EXPENDITURES	378,920	378,920	378,920	-
REVENUES (UNDER) EXPENDITURES	(199,920)	(199,920)	(198,409)	1,511
OTHER FINANCING SOURCES				
Transfers in	200,000	200,000	200,000	-
NET CHANGE IN FUND BALANCE	80	80	1,591	1,511
FUND BALANCE, BEGINNING OF YEAR	220	220	220	-
FUND BALANCE, END OF YEAR	\$ 300	\$ 300	\$ 1,811	\$ 1,511

**CITY OF SOUTH HAVEN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

<u>ASSETS</u>	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
CURRENT ASSETS				
Cash and cash equivalents	\$135,412	\$ 333	\$ 679,781	\$ 815,526
Investments	-	-	37,160	37,160
Receivables:				
Other	208	-	5,092	5,300
Due from other funds	-	-	86,000	86,000
Prepaid expenses	1,073	1,780	2,684	5,537
TOTAL CURRENT ASSETS	136,693	2,113	810,717	949,523
OTHER ASSETS				
Advances to component unit	-	-	155,366	155,366
CAPITAL ASSETS				
Land and land improvements	-	937,800	1,923,278	2,861,078
Buildings and improvements	8,716	39,049	54,984	102,749
Machinery and equipment	-	19,680	1,250	20,930
TOTAL CAPITAL ASSETS	8,716	996,529	1,979,512	2,984,757
Less: Accumulated depreciation	-	166,935	489,439	656,374
NET CAPITAL ASSETS	8,716	829,594	1,490,073	2,328,383
TOTAL ASSETS	145,409	831,707	2,456,156	3,433,272
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 4,063	\$ 1,584	\$ 23,932	\$ 29,579
Accrued expenses and other liabilities	4,928	3,220	4,954	13,102
Due to other funds	-	86,000	-	86,000
Deferred revenue	7,500	34,160	160,624	202,284
TOTAL LIABILITIES	16,491	124,964	189,510	330,965
<u>NET ASSETS</u>				
Investment in capital assets	8,716	829,594	1,490,073	2,328,383
Unrestricted (deficit)	120,202	(122,851)	776,573	773,924
TOTAL NET ASSETS	\$128,918	\$ 706,743	\$2,266,646	\$ 3,102,307

**CITY OF SOUTH HAVEN**

**NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
OPERATING REVENUES				
Charges for services	\$ 181,159	\$ 753	\$ 4,593	\$ 186,505
State grant	-	-	7,500	7,500
Dock rental	-	127,049	453,189	580,238
Other	1,000	25	1,636	2,661
TOTAL OPERATING REVENUES	182,159	127,827	466,918	776,904
OPERATING EXPENSES				
Operating costs and expenses	132,046	103,804	356,625	592,475
Property tax equivalents	8,500	7,025	25,400	40,925
Depreciation	6,063	47,208	97,259	150,530
TOTAL OPERATING EXPENSES	146,609	158,037	479,284	783,930
OPERATING INCOME (LOSS)	35,550	(30,210)	(12,366)	(7,026)
NON OPERATING REVENUES (EXPENSES)				
Interest income	17,099	46	21,378	38,523
NET INCOME BEFORE TRANSFERS	52,649	(30,164)	9,012	31,497
TRANSFERS				
Transfers (out)	-	(3,900)	(13,500)	(17,400)
CHANGE IN NET ASSETS	52,649	(34,064)	(4,488)	14,097
NET ASSETS, BEGINNING OF YEAR	76,269	740,807	2,271,134	3,088,210
NET ASSETS, END OF YEAR	\$ 128,918	\$ 706,743	\$ 2,266,646	\$ 3,102,307

**CITY OF SOUTH HAVEN**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	BEACH FUND	BLACK RIVER PARK	MARINA FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 181,952	\$ 127,993	\$ 456,148	\$ 766,093
Cash payments to suppliers for goods and services	(79,705)	(47,215)	(271,759)	(398,679)
Cash payments to employees for services	(59,010)	(70,565)	(103,711)	(233,286)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>43,237</b>	<b>10,213</b>	<b>80,678</b>	<b>134,128</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Due from other funds	-	-	(862)	(862)
Due to other funds	-	13,500	-	13,500
Due from other governments	-	-	167,942	167,942
Transfers out	-	(3,900)	(13,500)	(17,400)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>9,600</b>	<b>153,580</b>	<b>163,180</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	(19,680)	(9,390)	(29,070)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(19,680)</b>	<b>(9,390)</b>	<b>(29,070)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	17,099	46	21,378	38,523
Purchase of investments	-	-	(37,160)	(37,160)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>17,099</b>	<b>46</b>	<b>(15,782)</b>	<b>1,363</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>60,336</b>	<b>179</b>	<b>209,086</b>	<b>269,601</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>75,076</b>	<b>154</b>	<b>470,695</b>	<b>545,925</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 135,412</b>	<b>\$ 333</b>	<b>\$ 679,781</b>	<b>\$ 815,526</b>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 35,550	\$ (30,210)	\$ (12,366)	\$ (7,026)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,063	47,208	97,259	150,530
Changes in operating assets and liabilities which provided (used) cash:				
Receivables	(208)	-	(3,880)	(4,088)
Accounts payable	1,866	(5,159)	9,587	6,294
Accrued expenses and other liabilities	1,039	320	(348)	1,011
Prepays	(1,073)	(1,780)	(2,684)	(5,537)
Deferred revenue	-	(166)	(6,890)	(7,056)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 43,237</b>	<b>\$ 10,213</b>	<b>\$ 80,678</b>	<b>\$ 134,128</b>

**CITY OF SOUTH HAVEN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

<u>ASSETS</u>	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 209,501	\$ 50,443	\$ 222,826	\$ 482,770
Accounts receivable	1,950	-	-	1,950
Due from other governmental units	200,000	-	-	200,000
Prepaid expenses	2,074	688	891	3,653
<b>TOTAL CURRENT ASSETS</b>	<b>413,525</b>	<b>51,131</b>	<b>223,717</b>	<b>688,373</b>
<b>OTHER ASSETS</b>				
Advances to component unit	171,195	-	-	171,195
<b>CAPITAL ASSETS</b>				
Vehicles	1,725,091	-	-	1,725,091
Machinery and equipment	604,405	59,205	-	663,610
	2,329,496	59,205	-	2,388,701
Less: Accumulated depreciation	(1,542,209)	(59,205)	-	(1,601,414)
<b>NET CAPITAL ASSETS</b>	<b>787,287</b>	<b>-</b>	<b>-</b>	<b>787,287</b>
<b>TOTAL ASSETS</b>	<b>1,372,007</b>	<b>51,131</b>	<b>223,717</b>	<b>1,646,855</b>
<u>LIABILITIES</u>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 22,886	\$ 15,998	\$ 29,526	\$ 68,410
Accrued expenses and other liabilities	6,789	5,925	-	12,714
Current portion of long term debt	100,000	-	-	100,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>129,675</b>	<b>21,923</b>	<b>29,526</b>	<b>181,124</b>
Long-term debt - net of current portion	100,000	-	-	100,000
<b>TOTAL LIABILITIES</b>	<b>229,675</b>	<b>21,923</b>	<b>29,526</b>	<b>281,124</b>
<u>NET ASSETS</u>				
Investment in capital assets net of related debt	587,287	-	-	587,287
Unrestricted	555,045	29,208	194,191	778,444
<b>TOTAL NET ASSETS</b>	<b>\$ 1,142,332</b>	<b>\$ 29,208</b>	<b>\$ 194,191</b>	<b>\$ 1,365,731</b>

**CITY OF SOUTH HAVEN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
OPERATING REVENUES				
Charges for services	\$ 513,222	\$ 123,164	\$ 264,236	\$ 900,622
Other	589	-	-	589
TOTAL OPERATING REVENUES	513,811	123,164	264,236	901,211
OPERATING EXPENSES				
Operating costs and expenses	339,926	115,796	148,223	603,945
Depreciation	192,048	4,962	-	197,010
TOTAL OPERATING EXPENSES	531,974	120,758	148,223	800,955
OPERATING INCOME (LOSS)	(18,163)	2,406	116,013	100,256
NONOPERATING REVENUES (EXPENSES)				
Interest income	17,613	864	2,237	20,714
Interest and fiscal charges	(9,731)	-	-	(9,731)
TOTAL NONOPERATING REVENUES (EXPENSES)	7,882	864	2,237	10,983
TRANSFERS				
Transfers (out)	-	(30,000)	-	(30,000)
CHANGE IN NET ASSETS	(10,281)	(26,730)	118,250	81,239
NET ASSETS, BEGINNING OF YEAR	1,152,613	55,938	75,941	1,284,492
NET ASSETS, END OF YEAR	\$ 1,142,332	\$ 29,208	\$ 194,191	\$ 1,365,731

**CITY OF SOUTH HAVEN**

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	MOTOR POOL	INFORMATION SERVICES	SELF INSURANCE	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for interfund services	\$ 513,222	\$ 123,164	\$ 264,236	\$ 900,622
Cash payments to suppliers for goods and services	(186,280)	(52,699)	-	(238,979)
Cash payments to employees for services	(70,484)	(54,043)	(151,442)	(275,969)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>256,458</b>	<b>16,422</b>	<b>112,794</b>	<b>385,674</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	(30,000)	-	(30,000)
Advances to component units	10,667	-	-	10,667
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>10,667</b>	<b>(30,000)</b>	<b>-</b>	<b>(19,333)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(160,541)	-	-	(160,541)
Principal paid on long-term debt	(100,000)	-	-	(100,000)
Interest paid on long-term debt	(9,731)	-	-	(9,731)
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(270,272)</b>	<b>-</b>	<b>-</b>	<b>(270,272)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	17,613	864	2,237	20,714
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>14,466</b>	<b>(12,714)</b>	<b>115,031</b>	<b>116,783</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>195,035</b>	<b>63,157</b>	<b>107,795</b>	<b>365,987</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 209,501</b>	<b>\$ 50,443</b>	<b>\$ 222,826</b>	<b>\$ 482,770</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (18,163)	\$ 2,406	\$ 116,013	\$ 100,256
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	192,048	4,962	-	197,010
Change in operating assets and liabilities which provided (used) cash:				
Receivables	975	-	-	975
Prepays	(2,074)	(688)	(891)	(3,653)
Due from other governmental units	100,000	-	-	100,000
Accounts payable	(15,472)	11,008	(2,328)	(6,792)
Accrued expenses and other liabilities	(856)	(1,266)	-	(2,122)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 256,458</b>	<b>\$ 16,422</b>	<b>\$ 112,794</b>	<b>\$ 385,674</b>

***CITY OF SOUTH HAVEN***

***FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS***

***JUNE 30, 2005***

<u>ASSETS</u>	AGENCY FUNDS			TOTAL
	PAYROLL TAX COLLECTION	CURRENT TAX COLLECTION	TRUST AND AGENCY	
Cash and cash equivalents	\$ 38,572	\$ -	\$ 121,893	\$ 160,465
Investments	-	-	8,079	8,079
<u>TOTAL ASSETS</u>	<u>\$ 38,572</u>	<u>\$ -</u>	<u>\$ 129,972</u>	<u>\$ 168,544</u>
<u>LIABILITIES</u>				
Deposits	\$ -	\$ -	\$ 129,972	\$ 129,972
Accounts payable	35,455	-	-	35,455
Due to other governments	3,117	-	-	3,117
<u>TOTAL LIABILITIES</u>	<u>\$ 38,572</u>	<u>\$ -</u>	<u>\$ 129,972</u>	<u>\$ 168,544</u>



**CITY OF SOUTH HAVEN**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
<u><b>PAYROLL TAX COLLECTION FUND</b></u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,588	\$ 361,292	\$ 358,308	\$ 38,572
	\$ 35,588	\$ 361,292	\$ 358,308	38,572
<b>LIABILITIES</b>				
Accounts payable	\$ 32,593	\$ 371,567	\$ 368,705	\$ 35,455
Due to other governmental units	2,995	1,383,863	1,383,741	3,117
	\$ 35,588	\$ 1,755,430	\$ 1,752,446	\$ 38,572
<u><b>CURRENT TAX COLLECTION FUND</b></u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 13,202,169	\$ 13,202,169	\$ -
<b>LIABILITIES</b>				
Due to other funds	-	4,241,607	4,241,607	-
Due to other governmental units	-	11,018,510	11,018,510	-
	\$ -	\$ 15,260,117	\$ 15,260,117	\$ -
<u><b>TRUST AND AGENCY FUND</b></u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,079	\$ 115,114	\$ 27,300	\$ 121,893
Investments	7,945	134	-	8,079
	\$ 42,024	\$ 115,248	\$ 27,300	\$ 129,972
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 21,251	\$ 21,251	\$ -
Deposits	42,024	109,584	21,636	129,972
	\$ 42,024	\$ 130,835	\$ 42,887	\$ 129,972
<u><b>TOTAL - ALL AGENCY FUNDS</b></u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 69,667	\$ 13,678,575	\$ 13,587,777	\$ 160,465
Investments	7,945	134	-	8,079
	\$ 77,612	\$ 13,678,709	\$ 13,587,777	\$ 168,544
<b>LIABILITIES</b>				
Accounts payable	\$ 32,593	\$ 392,818	\$ 389,956	\$ 35,455
Due to other funds	-	4,241,607	4,241,607	-
Due to other governmental units	2,995	12,402,373	12,402,251	3,117
Deposits	42,024	109,584	21,636	129,972
<u><b>TOTAL LIABILITIES</b></u>	\$ 77,612	\$ 17,146,382	\$ 17,055,450	\$ 168,544

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**

**JUNE 30, 2005**

<u>ASSETS</u>	OPERATING FUND	DEBT SERVICE	ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS				
Cash and cash equivalents	\$ 2,545	\$ 22	\$ -	\$ 2,567
Prepays	418	-	-	418
Capital assets	-	-	4,312,377	4,312,377
<u>TOTAL ASSETS</u>	<u>\$ 2,963</u>	<u>\$ 22</u>	<u>4,312,377</u>	<u>4,315,362</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$ 10,696	\$ -	\$ -	\$ 10,696
Advances from primary government	426,381	326,561	-	752,942
Bond payable				
Due within one year	-	-	210,000	210,000
Due in more than one year	-	-	2,730,000	2,730,000
<u>TOTAL LIABILITIES</u>	<u>437,077</u>	<u>326,561</u>	<u>2,940,000</u>	<u>3,703,638</u>
FUND BALANCE (DEFICIT)				
Undesignated	(434,114)	(326,539)	760,653	
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 2,963</u>	<u>\$ 22</u>	<u>3,700,653</u>	
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt			1,372,377	1,372,377
Unrestricted			(760,653)	(760,653)
Total net assets			<u>\$ 611,724</u>	<u>\$ 611,724</u>

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2005**

	OPERATING FUND	DEBT SERVICE	ADJUSTMENTS	STATEMENT OF ACTIVITIES
GENERAL REVENUES				
Property tax	\$ 889,834	\$ -	\$ -	\$ 889,834
Other income	11,300	377,748	-	389,048
Interest income	85	3,254	-	3,339
TOTAL REVENUES	901,219	381,002	-	1,282,221
EXPENDITURES/EXPENSES				
Capital outlay	771,889	-	(611,115)	160,774
Other	475,873	-	145,696	621,569
Debt service:				
Principal retirement	-	185,000	(185,000)	-
Interest and fiscal charges	-	139,515	-	139,515
TOTAL EXPENDITURES/EXPENSES	1,247,762	324,515	(650,419)	921,858
REVENUES OVER (UNDER) EXPENDITURES	(346,543)	56,487	<u>(290,056)</u>	
CHANGES IN NET ASSETS				360,363
FUND BALANCES (DEFICITS)/NET ASSETS, BEGINNING OF YEAR	<u>(87,571)</u>	<u>(383,026)</u>		<u>251,361</u>
FUND BALANCES (DEFICITS)/ NET ASSETS, END OF YEAR	<u>\$ (434,114)</u>	<u>\$ (326,539)</u>		<u>\$ 611,724</u>

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY OPERATING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
Property tax	\$ 878,125	\$ 878,125	\$ 889,834	\$ 11,709
Other income	10,000	11,300	11,300	-
Interest income	-	-	85	85
TOTAL REVENUES	888,125	889,425	901,219	11,794
EXPENDITURES				
Capital outlay	107,210	780,860	771,889	8,971
Other	475,873	475,873	475,873	-
TOTAL EXPENDITURES	583,083	1,256,733	1,247,762	8,971
NET CHANGE IN FUND BALANCE	305,042	(367,308)	(346,543)	20,765
FUND BALANCE, BEGINNING OF YEAR	(87,571)	(87,571)	(87,571)	-
FUND BALANCE DEFICIT, END OF YEAR	\$ 217,471	\$ (454,879)	\$ (434,114)	\$ 20,765

**CITY OF SOUTH HAVEN**

**DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT DEBT SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
Other income	\$ 377,748	\$ 377,748	\$ 377,748	\$ -
Interest income	500	500	3,254	2,754
TOTAL REVENUES	378,248	378,248	381,002	2,754
EXPENDITURES				
Debt service:				
Principal retirement	185,000	185,000	185,000	-
Interest and fiscal charges	139,623	204,623	139,515	65,108
TOTAL EXPENDITURES	324,623	389,623	324,515	65,108
NET CHANGE IN FUND BALANCE	53,625	(11,375)	56,487	67,862
FUND DEFICIT, BEGINNING OF YEAR	(383,026)	(383,026)	(383,026)	-
FUND DEFICIT, END OF YEAR	\$ (329,401)	\$ (394,401)	\$ (326,539)	\$ 67,862

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #1  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenues:				
Property tax	\$ 441,454	\$ 452,454	\$ 452,621	\$ 167
Interest income	3,000	4,000	5,158	1,158
Other	-	-	150	150
TOTAL REVENUES	444,454	456,454	457,929	1,475
EXPENDITURES				
Capital outlay	55,000	58,161	33,128	25,033
Other	555,000	155,000	155,000	-
TOTAL EXPENDITURES	610,000	213,161	188,128	25,033
NET CHANGE IN FUND BALANCE	(165,546)	243,293	269,801	26,508
FUND BALANCE, BEGINNING OF YEAR	703,515	703,515	703,515	-
FUND BALANCE, END OF YEAR	\$ 537,969	\$ 946,808	\$ 973,316	\$ 26,508

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #2  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 32,870	\$ 32,870	\$ 30,479	\$ (2,391)
Interest income	400	400	798	398
TOTAL REVENUES	33,270	33,270	31,277	(1,993)
EXPENDITURES				
Other expenditures	18,805	18,805	18,805	-
NET CHANGE IN FUND BALANCE	14,465	14,465	12,472	(1,993)
FUND BALANCE, BEGINNING OF YEAR	111,450	111,450	111,450	-
FUND BALANCE, END OF YEAR	<u>\$ 125,915</u>	<u>\$ 125,915</u>	<u>\$ 123,922</u>	<u>\$ (1,993)</u>

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**

**JUNE 30, 2005**

<u>ASSETS</u>	OPERATING FUND	ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS			
Cash and cash equivalents	\$ 287,803	\$ -	\$ 287,803
Capital assets	-	136,080	136,080
<u>TOTAL ASSETS</u>	<u>\$ 287,803</u>	<u>\$ 136,080</u>	<u>\$ 423,883</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	\$ 8,558	\$ -	\$ 8,558
Due to other component units	350,000		350,000
Note payable			
Due within one year	-	27,206	27,206
Due in more than one year	-	265,284	265,284
 TOTAL LIABILITIES	 358,558	 292,490	 651,048
 FUND BALANCE (DEFICIT)			
Undesignated	(70,755)	70,755	-
 <u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 287,803</u>	<u>\$ 363,245</u>	<u>\$ 651,048</u>
 NET ASSETS			
Invested in capital assets, net of related debt		(156,410)	(156,410)
Net assets - unrestricted (deficit)		70,755	(70,755)
 <u>TOTAL NET ASSETS (DEFICIT)</u>		<u>\$ (85,655)</u>	<u>\$ (227,165)</u>



**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE/ STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2005**

	OPERATING FUND	ADJUSTMENTS	STATEMENT OF ACTIVITIES
REVENUES			
Property tax	\$ 227,360	\$ -	\$ 227,360
Interest revenue	3,490	-	3,490
Other	1,100	-	1,100
TOTAL REVENUES	231,950	-	231,950
EXPENDITURES/ EXPENSES			
Community development	53,009	21,420	74,429
Debt service:			
Principal retirement	57,510	(57,510)	-
TOTAL EXPENDITURES/ EXPENSES	110,519	(36,090)	74,429
NET CHANGE IN FUND BALANCE	121,431	(36,090)	
CHANGES IN NET ASSETS		\$ 157,521	157,521
FUND BALANCES (DEFICITS)/NET ASSETS, BEGINNING OF YEAR	(192,186)		(384,686)
FUND BALANCES (DEFICITS)/NET ASSETS, END OF YEAR	\$ (70,755)		\$ (227,165)

**CITY OF SOUTH HAVEN**

**LOCAL DEVELOPMENT FINANCE AUTHORITY #3  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2005**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE TO AMENDED BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property tax	\$ 221,542	\$ 227,042	\$ 227,360	\$ 318
Interest income	-	31,079	3,490	(27,589)
Other	10,000	10,000	1,100	(8,900)
TOTAL REVENUES	231,542	268,121	231,950	(36,171)
EXPENDITURES				
Community development	100,000	102,101	53,009	49,092
Debt service:				
Principal retirement	57,510	57,510	57,510	-
TOTAL EXPENDITURES	157,510	159,611	110,519	49,092
NET CHANGE IN FUND BALANCE	74,032	108,510	121,431	(12,921)
FUND DEFICIT, BEGINNING OF YEAR	(192,186)	(192,186)	(192,186)	-
FUND DEFICIT, END OF YEAR	\$ (118,154)	\$ (83,676)	\$ (70,755)	\$ (12,921)

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS**

**JUNE 30, 2005**

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
<b>PRIMARY GOVERNMENT DEBT:</b>							
<u>GENERAL OBLIGATION DEBT</u>							
1996 Building Authority Refunding Bonds	1/1/1997	\$ 1,895,000	3.8 - 5.4%	6/1/2006	\$ 155,000	\$ 52,435	\$ 207,435
				6/1/2007	205,000	44,685	249,685
				6/1/2008	200,000	34,230	234,230
				6/1/2009	200,000	23,830	223,830
				6/1/2010	245,000	13,230	258,230
					<u>1,005,000</u>	<u>168,410</u>	<u>1,173,410</u>
2001 Building Authority Bonds, (Limited Tax General Obligation)	11/1/2001	3,700,000	3.25-4.50%	11/1/2005	140,000	68,087	208,087
				5/1/2006	-	68,087	68,087
				11/1/2006	140,000	65,637	205,637
				5/1/2007	-	65,637	65,637
				11/1/2007	145,000	63,143	208,143
				5/1/2008	-	63,143	63,143
				11/1/2008	155,000	60,460	215,460
				5/1/2009	-	60,460	60,460
				11/1/2009	160,000	57,545	217,545
				5/1/2010	-	57,545	57,545
				11/1/2010	165,000	54,395	219,395
				5/1/2011	-	54,395	54,395
				11/1/2011	170,000	51,045	221,045
				5/1/2012	-	51,045	51,045
				11/1/2012	180,000	47,500	227,500
				5/1/2013	-	47,500	47,500
				11/1/2013	190,000	43,660	233,660
				5/1/2014	-	43,660	43,660
				11/1/2014	195,000	39,569	234,569
				5/1/2015	-	39,569	39,569
				11/1/2015	205,000	35,218	240,218
				5/1/2016	-	35,218	35,218
				11/1/2016	215,000	30,544	245,544
				5/1/2017	-	30,544	30,544
				11/1/2017	225,000	25,594	250,594
				5/1/2018	-	25,594	25,594
				11/1/2018	240,000	20,363	260,363
				5/1/2019	-	20,363	20,363
				11/1/2019	250,000	14,850	264,850
				5/1/2020	-	14,850	14,850
				11/1/2020	260,000	9,113	269,113
				5/1/2021	-	9,113	9,113
				11/1/2021	275,000	6,188	281,188
					<u>3,310,000</u>	<u>1,379,627</u>	<u>4,689,627</u>

*(Continued)*

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS (CONTINUED)**

*June 30, 2005*

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
2003 Limited Tax General Obligation Improvement Bonds	01/01/03	\$ 5,800,000	2.50 - 4.625%	11/01/05	\$ -	\$ 109,898	\$ 109,898
				05/01/06	160,000	109,898	269,898
				11/01/06	-	107,898	107,898
				05/01/07	160,000	107,898	267,898
				11/01/07	-	105,898	105,898
				05/01/08	165,000	105,898	270,898
				11/01/08	-	103,629	103,629
				05/01/09	170,000	103,629	273,629
				11/01/09	-	101,079	101,079
				05/01/10	180,000	101,079	281,079
				11/01/10	-	98,154	98,154
				05/01/11	185,000	98,154	283,154
				11/01/11	-	94,916	94,916
				05/01/12	190,000	94,916	284,916
				11/01/12	-	91,354	91,354
				05/01/13	200,000	91,354	291,354
				11/01/13	-	87,354	87,354
				05/01/14	210,000	87,354	297,354
				11/01/14	-	83,154	83,154
				05/01/15	215,000	83,154	298,154
				11/01/15	-	78,854	78,854
				05/01/16	225,000	78,854	303,854
				11/01/16	-	74,354	74,354
				05/01/17	235,000	74,354	309,354
				11/01/17	-	69,536	69,536
				05/01/18	245,000	69,536	314,536
				11/01/18	-	64,391	64,391
				05/01/19	260,000	64,391	324,391
				11/01/19	-	58,866	58,866
				05/01/20	270,000	58,866	328,866
				11/01/20	-	53,061	53,061
				05/01/21	285,000	53,061	338,061
				11/01/21	-	46,791	46,791
				05/01/22	300,000	46,791	346,791
				11/01/22	-	40,041	40,041
				05/01/23	315,000	40,041	355,041
				11/01/23	-	32,796	32,796
				05/01/24	330,000	32,796	362,796
				11/01/24	-	25,206	25,206
				05/01/25	345,000	25,206	370,206
				11/01/25	-	17,228	17,228
				05/01/26	365,000	17,228	382,228
				11/01/26	-	8,788	8,788
				05/01/27	380,000	8,788	388,788
					5,390,000	3,106,489	8,496,489
Accumulated Employee Benefits					323,563	-	323,563
TOTAL GENERAL OBLIGATION DEBT					10,028,563	4,654,526	14,683,089

(Continued)

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS (CONTINUED)**

*June 30, 2005*

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
<b>PRIMARY GOVERNMENT DEBT:</b>							
<b><u>ENTERPRISE FUND</u></b>							
Electric Utility System Revenue Bonds, Series 1996	9/1/1996	\$ 2,200,000	4.25 - 7.25%	9/1/2005	\$ -	\$ 64,235	\$ 64,235
				9/1/2006	-	64,235	64,235
				9/1/2007	-	64,235	64,235
				9/1/2008	110,000	61,320	171,320
				9/1/2009	120,000	55,165	175,165
				9/1/2010	125,000	48,487	173,487
				9/1/2011	135,000	41,338	176,338
				9/1/2012	140,000	33,775	173,775
				9/1/2013	150,000	25,800	175,800
				9/1/2014	160,000	18,275	178,275
				9/1/2015	170,000	11,262	181,262
				9/1/2016	180,000	3,825	183,825
					1,290,000	491,952	1,781,952
Water System Supply Revenue Bonds, Series 2001	5/23/2001	\$ 470,000	3.80 - 5.35%	10/1/2005	-	10,126	-
				4/1/2006	15,000	10,126	35,252
				10/1/2006	-	9,819	-
				4/1/2007	20,000	9,819	39,638
				10/1/2007	-	9,399	-
				4/1/2008	20,000	9,399	38,798
				10/1/2008	-	8,969	-
				4/1/2009	20,000	8,969	37,938
				10/1/2009	-	8,529	-
				4/1/2010	20,000	8,529	37,058
				10/1/2010	-	8,079	-
				4/1/2011	20,000	8,079	36,158
				10/1/2011	-	7,619	-
				4/1/2012	25,000	7,619	40,238
				10/1/2012	-	7,031	-
				4/1/2013	25,000	7,031	39,062
				10/1/2013	-	6,425	-
				4/1/2014	25,000	6,425	37,850
				10/1/2014	-	5,800	-
				4/1/2015	25,000	5,800	36,600
				10/1/2015	-	5,163	-
				4/1/2016	30,000	5,163	40,326
				10/1/2016	-	4,383	-
				4/1/2017	30,000	4,383	38,766

(Continued)

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS (CONTINUED)**

*June 30, 2005*

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
Water System Supply Revenue Bonds, Series 2001 (continued)				10/1/2017	\$ -	\$ 3,595	\$ -
				4/1/2018	30,000	3,595	37,190
				10/1/2018	-	2,800	-
				4/1/2019	35,000	2,800	40,600
				10/1/2019	-	1,873	-
				4/1/2020	35,000	1,873	38,746
				10/1/2020	-	936	-
				4/1/2021	35,000	936	36,872
					410,000	201,092	611,092
TOTAL ENTERPRISE FUND BONDS AND NOTES					1,700,000	693,044	2,393,044
<b>PRIMARY GOVERNMENT DEBT:</b>							
<u>INTERNAL SERVICE FUND DEBT</u>							
Installment Purchase Contract, Fire Truck	4/16/2002	500,000	3.90%	10/1/2005	50,000	3,900	53,900
				4/1/2006	50,000	2,925	52,925
				10/1/2006	50,000	1,950	51,950
				4/1/2007	50,000	975	50,975
					200,000	9,750	209,750
TOTAL INTERNAL SERVICE FUND BONDS AND NOTES					200,000	9,750	209,750
<b>TOTAL LONG-TERM DEBT-PRIMARY GOVERNMENT</b>					<b>11,928,563</b>	<b>5,357,320</b>	<b>17,285,883</b>

(Continued)

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS (CONTINUED)**

*June 30, 2005*

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
<b>COMPONENT UNIT DEBT</b> 2001 Tax Increment Refunding Bonds	8/1/2001	\$ 3,395,000	3.25 - 4.50%	5/1/2006	\$ 210,000	\$ 121,368	\$ 331,368
				5/1/2007	235,000	114,018	349,018
				5/1/2008	270,000	105,558	375,558
				5/1/2009	280,000	95,298	375,298
				5/1/2010	290,000	84,098	374,098
				5/1/2011	305,000	72,498	377,498
				5/1/2012	315,000	59,993	374,993
				5/1/2013	330,000	46,605	376,605
				5/1/2014	345,000	32,085	377,085
				5/1/2015	360,000	16,560	376,560
					2,940,000	748,081	3,688,081
MEDC/CDBG Loan Repayment	2004	350,000	0%	10/1/2005	6,802	-	6,802
				1/1/2006	6,802	-	6,802
				4/1/2006	6,802	-	6,802
				7/1/2006	6,802	-	6,802
				10/1/2006	6,802	-	6,802
				1/1/2007	6,802	-	6,802
				4/1/2007	6,802	-	6,802
				7/1/2007	6,802	-	6,802
				10/1/2007	6,802	-	6,802
				1/1/2008	6,802	-	6,802
				4/1/2008	6,802	-	6,802
				7/1/2008	6,802	-	6,802
				10/1/2008	6,802	-	6,802
				1/1/2009	6,802	-	6,802
				4/1/2009	6,802	-	6,802
				7/1/2009	6,802	-	6,802
				10/1/2009	6,802	-	6,802
				1/1/2010	6,802	-	6,802
				4/1/2010	6,802	-	6,802
				7/1/2010	6,802	-	6,802
				10/1/2010	6,802	-	6,802
				1/1/2011	6,802	-	6,802
				4/1/2011	6,802	-	6,802
				7/1/2011	6,802	-	6,802
				10/1/2011	6,802	-	6,802
				1/1/2012	6,802	-	6,802
				4/1/2012	6,802	-	6,802
				7/1/2012	6,802	-	6,802
				10/1/2012	6,802	-	6,802
				1/1/2013	6,802	-	6,802
				4/1/2013	6,802	-	6,802
				7/1/2013	6,802	-	6,802
				10/1/2013	6,802	-	6,802
				1/1/2014	6,802	-	6,802

**(Continued)**

**CITY OF SOUTH HAVEN**

**SCHEDULE OF INDEBTEDNESS (CONTINUED)**

*June 30, 2005*

	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATES	DATE OF MATURITY	PRINCIPAL	INTEREST	AMOUNT OF TOTAL OUTSTANDING
				4/1/2014	\$ 6,802	\$ -	\$ 6,802
				7/1/2014	6,802	-	6,802
				10/1/2014	6,802	-	6,802
				1/1/2015	6,802	-	6,802
				4/1/2015	6,802	-	6,802
				7/1/2015	6,802	-	6,802
				10/1/2015	6,802	-	6,802
				1/1/2016	6,802	-	6,802
				4/1/2016	6,802	-	6,802
					292,490	-	292,490
DEQ Loan Repayment. Fund 260 - Brownfield	2005	231,000	2.00%	4/13/10	25,212	-	25,212
				4/13/11	21,096	4,116	25,212
				4/13/12	21,518	3,694	25,212
				4/13/13	21,949	3,263	25,212
				4/13/14	22,388	2,824	25,212
				4/13/15	22,835	2,377	25,212
				4/13/16	23,292	1,920	25,212
				4/13/17	23,758	1,454	25,212
				4/13/18	24,233	979	25,212
				4/13/19	24,718	494	25,212
					231,000	21,122	252,122
<b>TOTAL COMPONENT UNITS</b>					3,463,490	769,203	4,232,693
<b>TOTAL LONG-TERM DEBT - REPORTING ENTITY</b>					<b>\$ 15,392,053</b>	<b>\$ 6,126,523</b>	<b>\$ 21,518,575</b>

(Concluded)





# REHMANN ROBSON

*Certified Public Accountants*

*A member of* THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

August 25, 2005

Honorable Mayor and  
Members of the City Council  
City of South Haven, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of South Haven, Michigan, as of and for the year ended June 30, 2005, and have issued our report thereon dated August 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of South Haven, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of South Haven, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CITY OF SOUTH HAVEN, MICHIGAN**  
**GENERAL GOVERNMENTAL REVENUE BY SOURCE (NOTE A)**

**1996 THROUGH 2005**

**(UNAUDITED)**

<b>Year Ended June 30,</b>	<b>Taxes and Special Assessments</b>	<b>Licenses and Permits</b>	<b>Inter- Governmental Revenue</b>	<b>Charges for Services (Note B)</b>	<b>Fines and Forfeits</b>	<b>Interest and Rents</b>	<b>Other Revenues</b>	<b>Total</b>
<b>1996</b>	<b>\$ 2,296,333</b>	<b>\$ 66,892</b>	<b>\$ 1,173,759</b>	<b>\$ 289,143</b>	<b>\$ 24,753</b>	<b>\$ 326,710</b>	<b>\$ 265,578</b>	<b>\$ 4,443,168</b>
<b>1997</b>	<b>2,439,042</b>	<b>85,189</b>	<b>1,087,727</b>	<b>252,608</b>	<b>17,364</b>	<b>326,986</b>	<b>343,720</b>	<b>4,552,636</b>
<b>1998</b>	<b>2,607,718</b>	<b>70,815</b>	<b>1,325,992</b>	<b>954,729</b>	<b>18,520</b>	<b>377,824</b>	<b>275,366</b>	<b>5,630,964</b>
<b>1999</b>	<b>2,740,816</b>	<b>101,996</b>	<b>1,161,010</b>	<b>902,597</b>	<b>20,346</b>	<b>321,169</b>	<b>279,761</b>	<b>5,527,695</b>
<b>2000</b>	<b>2,925,742</b>	<b>127,518</b>	<b>1,399,101</b>	<b>697,352</b>	<b>20,906</b>	<b>359,909</b>	<b>547,378</b>	<b>6,077,906</b>
<b>2001</b>	<b>3,400,043</b>	<b>134,301</b>	<b>1,303,555</b>	<b>340,751</b>	<b>20,558</b>	<b>395,137</b>	<b>288,655</b>	<b>5,883,000</b>
<b>2002</b>	<b>3,537,231</b>	<b>143,436</b>	<b>1,279,902</b>	<b>349,281</b>	<b>17,679</b>	<b>348,779</b>	<b>243,831</b>	<b>5,920,139</b>
<b>2003</b>	<b>3,774,620</b>	<b>170,568</b>	<b>1,130,003</b>	<b>391,995</b>	<b>22,460</b>	<b>370,200</b>	<b>232,383</b>	<b>6,092,229</b>
<b>2004</b>	<b>4,244,771</b>	<b>236,824</b>	<b>1,446,941</b>	<b>393,918</b>	<b>25,635</b>	<b>390,991</b>	<b>1,161,809</b>	<b>7,900,889</b>
<b>2005</b>	<b>4,596,361</b>	<b>200,283</b>	<b>948,231</b>	<b>421,837</b>	<b>22,319</b>	<b>329,479</b>	<b>746,631</b>	<b>7,265,141</b>

**Note A** Includes General, Special Revenue, Debt Service, Capital Projects and Permanent Funds

**Note B** Prior to 1998, charges for services performed by the General Fund were treated as transfers from other City funds.

**Note C** Prior to 2000, Charges for insurance included Beach Fund revenue

**Source** City Records

**CITY OF SOUTH HAVEN, MICHIGAN**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (NOTE A)**

**1996 THROUGH 2005**

**(UNAUDITED)**

<b>Year Ended June 30,</b>	<b>General Government (Note A)</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Highway and Streets</b>	<b>Health and Welfare</b>	<b>Recreation and Culture</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Functions</b>	<b>Total</b>
1996	\$ 1,379,240	\$ 2,053,539	\$ 641,282	\$ 327,374	\$ 274,066	\$ 234,135	\$ 181,963	\$ 229,979	\$ 34,090	\$ 5,355,668
1997	1,143,913	2,323,595	575,761	391,918	206,460	317,963	398,539	74,171	44,112	5,476,432
1998	1,070,678	2,364,308	571,752	608,009	218,724	302,695	413,138	609,800	89,631	6,248,735
1999	1,021,824	2,298,147	647,438	357,175	343,697	404,731	415,119	45,154	67,935	5,601,220
2000	1,130,325	2,488,445	655,259	345,394	504,161	237,670	376,193	150,336	45,373	5,933,156
2001	924,251	2,545,894	580,969	408,036	366,502	432,163	373,403	638,869	49,319	6,319,406
2002	913,585	2,668,544	506,239	301,153	484,164	312,193	495,228	2,468,556	136,331	8,285,993
2003	923,387	2,653,486	502,472	496,623	496,026	341,126	780,540	1,817,281	73,000	8,083,941
2004	917,662	2,783,710	558,238	556,535	875,958	312,214	854,299	4,212,122	115,011	11,185,749
2005	967,420	2,862,693	546,243	395,777	536,352	311,145	875,510	1,590,142	119,780	8,205,062

**Note A** Includes General, Special Revenue, Debt Service, Capital Projects and Permanent Funds

**Note B** Prior to 2000 Recreation and Culture included Beach Maintenance Fund

**Source** City Records

**CITY OF SOUTH HAVEN, MICHIGAN**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**1995 THROUGH 2004**  
**(UNAUDITED)**

<b>Taxes Levied July 1,</b>	<b>Fiscal Year</b>	<b>Total Tax Levy (Note A)</b>	<b>Total Tax Collections (Note A)</b>	<b>Percent of Total Tax Collections Total Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Delinquent Taxes to Tax Levy</b>
1995	06/30/96	\$ 2,100,710	\$ 2,093,236	99.64%	\$ 7,474	0.36%
1996	06/30/97	2,216,505	2,211,500	99.77%	5,005	0.23%
1997	06/30/98	2,297,659	2,288,143	99.59%	9,516	0.41%
1998	06/30/99	2,645,966	2,639,901	99.77%	6,065	0.23%
1999	06/30/00	2,841,871	2,834,429	99.74%	7,442	0.26%
2000	06/30/01	3,017,302	3,009,487	99.74%	4,939	0.16%
2001	06/30/02	3,273,823	3,258,611	99.54%	12,902	0.39%
2002	06/30/03	3,541,194	3,518,955	99.37%	18,248	0.52%
2003	06/30/04	4,141,938	4,138,570	99.92%	3,368	0.08%
2004	06/30/05	4,360,881	4,356,038	99.89%	4,843	0.11%

**Note A**      **1998 Tax Levy and Collections includes taxes collected for Library, Hospital and Senior Services, now accounted for through the General Fund.**

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

1996 THROUGH 2005

(UNAUDITED)

Fiscal Year Ending	Real Property		Personal Property		Total		Ratio of Totals State Equalized Value to Estimated Actual Value
	State Equalized Value	Estimated Actual Value	State Equalized Value	Estimated Actual Value	State Equalized Value	Estimated Actual Value	
1996	\$ 130,797,713	\$ 261,595,426	\$ 21,139,250	\$ 42,278,500	\$ 151,936,963	\$ 303,873,926	50.00
1997	144,417,272	288,834,544	20,990,446	41,980,892	165,407,718	330,815,436	50.00
1998	165,294,297	330,588,594	20,633,959	41,267,918	185,928,256	371,856,512	50.00
1999	181,477,841	362,955,682	24,396,741	48,793,482	205,874,582	411,749,164	50.00
2000	200,035,763	400,071,526	26,556,381	53,112,762	226,592,144	453,184,288	50.00
2001	221,553,969	443,107,938	31,653,330	63,306,660	253,207,299	506,414,598	50.00
2002	242,599,600	485,199,200	37,190,200	74,380,400	279,789,800	559,579,600	50.00
2003	273,307,300	546,614,600	40,736,800	81,473,600	314,044,100	628,088,200	50.00
2004	303,648,900	607,297,800	40,933,100	81,866,200	344,582,000	689,164,000	50.00
2005	354,034,300	708,068,600	40,286,800	80,573,600	394,321,100	788,642,200	50.00

Source      City Records

# CITY OF SOUTH HAVEN, MICHIGAN

## BREAKDOWN OF 2004 STATE EQUALIZED VALUATION BY CLASS OF PROPERTY

(2004 ASSESSMENT ROLL/BASED ON 12/31/03 TAX DAY)

(UNAUDITED)

Class of Property	State Equalized Valuation	Percent of Total
Agriculture	\$ 144,700	0.04 %
Commercial	71,807,600	18.21
Industrial	19,514,100	4.95
Residential	262,567,900	66.59
Personal	40,286,800	10.22
<b>Total</b>	<b>\$ 394,321,100</b>	<b>100.00 %</b>

## TEN LARGEST TAXPAYERS PER 2004 STATE EQUALIZED VALUATION (SEV)

Taxpayer	Type of Business	State Equalized Valuation	Percent of Total SEV
Wyckoff Chemical, Inc.	Manufacturing	\$ 16,693,200	4.23 %
Pullman Industries	Manufacturing	14,416,500	3.66
Wal Mart	Retail	6,941,800	1.76
Double J Molding	Manufacturing	3,635,200	0.92
CCG Properties - SH LLC	Nursing Home	2,033,000	0.52
Riverridge Retirement Village	Nursing Home	1,985,000	0.50
FRM Inc.	Hotel	1,934,100	0.49
Yale-South Haven Inc	Manufacturing	1,746,900	0.44
Sharda Inc	Hotel	1,554,700	0.39
Shoreline Bays	Manufacturing	1,283,400	0.33
<b>Ten Largest Taxpayers</b>		<b>52,223,800</b>	<b>13.24</b>
<b>Other Taxpayers</b>		<b>342,097,300</b>	<b>86.76</b>
<b>Total State Equalized Valuation</b>		<b>\$ 394,321,100</b>	<b>100.00 %</b>

Source      City Records

**CITY OF SOUTH HAVEN, MICHIGAN**

**PROPERTY VALUE AND BANK DEPOSITS**

**1996 THROUGH 2005**

**(UNAUDITED)**

<b>Fiscal Year Ending</b>	<b>Property Value</b>						<b>Bank Deposits</b>
	<b>Agriculture</b>	<b>Commerical</b>	<b>Industrial</b>	<b>Residential</b>	<b>Personal</b>	<b>Total</b>	
<b>1994</b>	<b>\$ 236,200</b>	<b>\$ 38,282,700</b>	<b>\$ 10,374,900</b>	<b>\$ 171,050,800</b>	<b>\$ 29,077,800</b>	<b>\$ 249,022,400</b>	<b>N/A</b>
<b>1995</b>	<b>236,200</b>	<b>41,710,400</b>	<b>14,312,100</b>	<b>178,904,000</b>	<b>31,897,500</b>	<b>267,060,200</b>	<b>N/A</b>
<b>1996</b>	<b>247,800</b>	<b>49,028,800</b>	<b>19,990,026</b>	<b>192,328,800</b>	<b>42,278,500</b>	<b>303,873,926</b>	<b>N/A</b>
<b>1997</b>	<b>263,128</b>	<b>54,258,286</b>	<b>19,748,378</b>	<b>195,259,916</b>	<b>42,833,884</b>	<b>312,363,592</b>	<b>N/A</b>
<b>1998</b>	<b>357,160</b>	<b>62,879,722</b>	<b>19,269,600</b>	<b>248,082,112</b>	<b>41,267,918</b>	<b>371,856,512</b>	<b>N/A</b>
<b>1999</b>	<b>365,960</b>	<b>63,835,126</b>	<b>22,676,740</b>	<b>276,077,856</b>	<b>48,793,482</b>	<b>411,749,164</b>	<b>N/A</b>
<b>2000</b>	<b>366,328</b>	<b>71,585,526</b>	<b>28,474,900</b>	<b>299,644,772</b>	<b>53,112,762</b>	<b>453,184,288</b>	<b>N/A</b>
<b>2001</b>	<b>366,328</b>	<b>77,349,208</b>	<b>29,141,988</b>	<b>334,109,914</b>	<b>62,212,030</b>	<b>503,179,468</b>	<b>N/A</b>
<b>2002</b>	<b>366,800</b>	<b>86,066,000</b>	<b>36,695,600</b>	<b>362,070,800</b>	<b>74,380,400</b>	<b>559,579,600</b>	<b>N/A</b>
<b>2003</b>	<b>369,000</b>	<b>99,694,800</b>	<b>42,047,000</b>	<b>404,503,800</b>	<b>81,473,600</b>	<b>628,088,200</b>	<b>N/A</b>
<b>2004</b>	<b>289,400</b>	<b>109,523,200</b>	<b>43,281,200</b>	<b>454,204,000</b>	<b>81,866,200</b>	<b>689,164,000</b>	<b>N/A</b>
<b>2005</b>	<b>289,400</b>	<b>143,615,200</b>	<b>39,028,200</b>	<b>525,135,800</b>	<b>80,573,600</b>	<b>788,642,200</b>	<b>N/A</b>

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF TAXABLE VALUE)

1995 THROUGH 2004

(UNAUDITED)

Year of Levy	General Operations	Garbage/ Refuse	Street	Narcotics	Library	Hospital	Senior Services	City Total	Non- Homestead School	Homestead School	State Education Tax	Community College	Intermediate School District	County	Total
1995 Homestead	12.4305	1.4009	0.0000	0.8222	0.4900	0.4000	0.0000	15.5436		2.8200	6.0000		6.6079	6.7200	37.6915
Non Homestead	12.4305	1.4009	0.0000	0.8222	0.4900	0.4000	0.0000	15.5436	20.8200		6.0000		6.6079	6.7200	55.6915
1996 Homestead	12.4305	1.4436	0.0000	0.8222	0.4900	0.4000	0.0000	15.5863		2.8200	6.0000		6.6079	6.7200	37.7342
Non Homestead	12.4305	1.4436	0.0000	0.8222	0.4900	0.4000	0.0000	15.5863	20.8200		6.0000		6.6079	6.7200	55.7342
1997 Homestead	12.4305	1.3390	0.0000	0.8222	0.4900	0.4000	0.0000	15.4817		2.7000	6.0000		6.6079	6.7200	37.5096
Non Homestead	12.4305	1.3390	0.0000	0.8222	0.4900	0.4000	0.0000	15.4817	20.5996		6.0000		6.6079	6.7200	55.4092
1998 Homestead	12.2378	1.2995	0.0000	0.8095	0.5900	0.3938	0.2500	15.5806		2.6300	6.0000		6.5907	6.7071	37.5084
Non Homestead	12.2378	1.2995	0.0000	0.8095	0.5900	0.3938	0.2500	15.5806	20.2664		6.0000		6.5907	6.7071	55.1448
1999 Homestead	12.0824	1.4800	0.0000	0.7992	0.5900	0.3887	0.2468	15.5871		2.6300	6.0000		6.5371	6.6520	37.4062
Non Homestead	12.0824	1.4800	0.0000	0.7992	0.5900	0.3887	0.2468	15.5871	20.1059		6.0000		6.5371	6.6520	54.8821
2000 Homestead	11.7960	1.3540	0.0000	0.7802	0.5900	0.3794	0.2409	15.1405		2.6300	6.0000		6.4754	6.5993	36.8452
Non Homestead	11.7960	1.3540	0.0000	0.7802	0.5900	0.3794	0.2409	15.1405	19.7371		6.0000		6.4754	6.5993	53.9523
2001 Homestead	11.5954	1.3540	0.0000	0.7669	0.5900	0.3729	0.2368	14.9160		2.6300	6.0000		6.4390	6.5641	36.5491
Non Homestead	11.5954	1.3540	0.0000	0.7669	0.5900	0.3729	0.2368	14.9160	20.6300		6.0000		6.4390	6.5641	54.5491
2002 Homestead	11.3808	1.3540	0.0000	0.7527	0.5900	0.3660	0.2500	14.6935		3.9716	6.0000	1.8416	6.3558	6.5138	39.3763
Non Homestead	11.3808	1.3540	0.0000	0.7527	0.5900	0.3660	0.2500	14.6935	21.6119		6.0000	1.8416	6.3558	6.5138	57.0166
2003 Homestead	11.1190	1.3540	1.7097	0.7353	0.5900	0.3575	0.2442	16.1097		4.4300	5.0000	1.8209	6.2641	6.4264	40.0511
Non Homestead	11.1190	1.3540	1.7097	0.7353	0.5900	0.3575	0.2442	16.1097	22.4256		5.0000	1.8209	6.2641	6.4264	58.0467
2004 Homestead	11.0044	1.2186	1.6920	0.7277	0.5900	0.3538	0.2416	15.8281		3.9000	6.0000	1.8174	6.2012	7.1039	40.8506
Non Homestead	11.0044	1.2186	1.6920	0.7277	0.5900	0.3538	0.2416	15.8281	21.9000		6.0000	1.8174	6.2012	7.1039	58.8506

Source City Records



**CITY OF SOUTH HAVEN, MICHIGAN**

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**

**1996 THROUGH 2005**

**(UNAUDITED)**

<b>Year Ended June 30,</b>	<b>Special Assessment Billings</b>	<b>Special Assessment Collections (Note A)</b>
<b>1996</b>	<b>\$ -</b>	<b>\$ 1,160</b>
<b>1997</b>	<b>-</b>	<b>1,160</b>
<b>1998</b>	<b>49,193</b>	<b>137,922</b>
<b>1999</b>	<b>32,246</b>	<b>66,613</b>
<b>2000</b>	<b>94,081</b>	<b>85,574</b>
<b>2001</b>	<b>41,527</b>	<b>33,352</b>
<b>2002</b>	<b>32,750</b>	<b>120,177</b>
<b>2003</b>	<b>29,530</b>	<b>30,838</b>
<b>2004</b>	<b>141,997</b>	<b>282,854</b>
<b>2005</b>	<b>111,861</b>	<b>203,315</b>

**Note A**      **Includes prepayments.**

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## RATIO OF GENERAL BONDED DEBT TO STATE EQUALIZED VALUE (SEV) AND BONDED DEBT SERVICES PER CAPITA

1996 THROUGH 2005

(UNAUDITED)

<u>Year Ended June 30,</u>	<u>Estimated Population</u>	<u>State Equalized Valuation</u>	<u>General Obligation Bonds</u>	<u>Less Available Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Debt to SEV</u>	<u>Net Bonded Debt Per Capita</u>
1996	5,563	\$ 151,936,963	\$ 1,875,000	\$ 10,970	\$ 1,864,030	1.23%	335
1997	5,563	165,407,718	1,995,000	23,360	1,971,640	1.19%	354
1998	5,563	185,928,256	2,480,000	125,828	2,354,172	1.27%	423
1999	5,563	205,874,582	2,245,000	135,002	2,109,998	1.02%	379
2000	5,563	226,592,144	2,000,000	117,771	1,882,229	0.83%	338
2001	5,021	253,207,299	1,725,000	91,542	1,633,458	0.65%	325
2002	5,021	279,789,800	5,140,000	33,368	5,106,632	1.83%	1,017
2003	5,021	314,044,100	10,570,000	34,519	10,535,481	3.35%	2,098
2004	5,021	344,582,000	10,155,000	35,617	10,119,383	2.94%	2,015
2005	5,021	394,321,100	9,705,000	39,545	9,665,455	2.45%	1,925

Source      City Records

# **CITY OF SOUTH HAVEN, MICHIGAN**

## **RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**

**1996 THROUGH 2005**

**(UNAUDITED)**

<b><u>Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Total General Fund Expenditures</u></b>	<b><u>Ratio of Debt Service to General Fund Expenditures</u></b>
<b>1996</b>	<b>\$ 50,000</b>	<b>\$ 131,963</b>	<b>\$ 181,963</b>	<b>\$ 4,342,748</b>	<b>1 to 23.87</b>
<b>1997</b>	<b>65,000</b>	<b>172,281</b>	<b>237,281</b>	<b>4,343,966</b>	<b>1 to 18.31</b>
<b>1998</b>	<b>225,000</b>	<b>122,995</b>	<b>347,995</b>	<b>4,418,651</b>	<b>1 to 12.70</b>
<b>1999</b>	<b>235,000</b>	<b>117,385</b>	<b>352,385</b>	<b>4,290,195</b>	<b>1 to 12.17</b>
<b>2000</b>	<b>245,000</b>	<b>109,388</b>	<b>354,388</b>	<b>4,557,971</b>	<b>1 to 12.86</b>
<b>2001</b>	<b>275,000</b>	<b>99,003</b>	<b>374,003</b>	<b>4,350,139</b>	<b>1 to 11.63</b>
<b>2002</b>	<b>285,000</b>	<b>161,754</b>	<b>446,754</b>	<b>4,499,628</b>	<b>1 to 10.07</b>
<b>2003</b>	<b>370,000</b>	<b>299,583</b>	<b>669,583</b>	<b>4,519,274</b>	<b>1 to 6.68</b>
<b>2004</b>	<b>415,000</b>	<b>439,298</b>	<b>854,298</b>	<b>5,178,689</b>	<b>1 to 6.06</b>
<b>2005</b>	<b>450,000</b>	<b>424,761</b>	<b>874,761</b>	<b>5,291,720</b>	<b>1 to 6.05</b>

**Source      City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## COMPUTATION OF LEGAL DEBT MARGIN FOR GENERAL OBLIGATION BONDS

**JUNE 30, 2005**

**(UNAUDITED)**

State Equalized Valuation		\$ 394,321,100
Debt Limit - 10% of State Equalized Value		\$ 39,432,110
Amount of Debt Applicable to Limit		
Building Authority #1	\$ 1,005,000	
Building Authority #2	3,310,000	
Capital Improvement	5,390,000	
Downtown Development Authority	2,940,000	
	<u>12,645,000</u>	
Less: Assets Available for Debt Service		
Building Authority #1	(27,243)	
Building Authority #2	(10,491)	
Capital Improvement	(1,811)	
Plus: Downtown Development Authority Deficit	<u>326,539</u>	
Net General Obligation Debt Subject to Limitation		<u>12,931,994</u>
Legal Debt Margin for General Obligation Bonds		<u>\$ 26,500,116</u>

## COMPUTATION OF LEGAL DEBT MARGIN FOR SPECIAL ASSESSMENT BONDS

**JUNE 30, 2005**

**(UNAUDITED)**

State Equalized Valuation	\$ 394,321,100
Debt Limit - 12% of State Equalized Value	\$ 47,318,532
Legal Debt Margin for Special Assessment Bonds	<u>\$ 47,318,532</u>

Source      City Records

**CITY OF SOUTH HAVEN, MICHIGAN****COMPUTATION OF DIRECT AND OVERLAPPING DEBT****JUNE 30, 2005****(UNAUDITED)**

<b>Name of Governmental Unit</b>	<b>Bonds Outstanding</b>	<b>Balances on Hand</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to City</b>	<b>City's Share of Debt</b>
<b>City of South Haven Direct Debt</b>					
Building Authority Bonds (LTGO)	\$ 1,005,000	\$ 27,243	\$ 977,757		
Building Authority Bonds (LTGO)	3,310,000	10,491	3,299,509		
Electric Revenue Bonds	1,290,000	180,000	1,110,000		
Capital Improvement Bonds (LTGO)	5,390,000	1,811	5,388,189		
Downtown Development Authority Bonds (LTGO)	2,940,000	(326,539)	3,266,539		
Water System Revenue Bonds	410,000	48,494	361,506		
<b>Total Direct Debt</b>	<b>\$ 14,345,000</b>	<b>\$ (58,500)</b>	<b>14,403,500</b>	<b>100.00 %</b>	<b>\$ 14,403,500</b>
<b>City of South Haven Overlapping Debt</b>					
South Haven Public Schools (Note A)			35,082,000	51.97% %	18,232,115
Van Buren County (Note A)			4,261,330	11.48%	489,201
Allegan County (Note A)			10,902,015	0.09%	9,812
<b>Total Overlapping Debt</b>			<b>50,245,345</b>		<b>18,731,128</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 64,648,845</b>		<b>\$ 33,134,628</b>

**Note A**      **Overlapping jurisdictions outstanding and overlapping debt as of June 30, 2004.**

**Source**      **City Records and Municipal Advisory Council of Michigan**

# CITY OF SOUTH HAVEN

## REVENUE BOND COVERAGE

**1996 THROUGH 2005**

(UNAUDITED)

	<u>Year Ended June 30,</u>	<u>Revenue and Other Sources</u>	<u>Expenses and Other Uses (Note A)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
Electric Utility System Revenue Bonds (serviced by the Electric Fund)	1996	\$ 7,933,791	\$ 7,111,096	\$ 822,695	\$ -	\$ -	\$ -	N/A
	1997	7,831,110	6,802,026	1,029,084	-	64,468	64,468	15.96
	1998	8,069,133	7,362,374	706,759	65,000	127,638	192,638	3.67
	1999	9,496,155	7,999,885	1,496,270	65,000	123,004	188,004	7.96
	2000	9,399,172	8,028,854	1,370,318	70,000	117,991	187,991	7.29
	2001	9,516,255	7,575,493	1,940,762	75,000	112,204	187,204	10.37
	2002	9,045,029	8,189,678	855,351	80,000	106,585	186,585	4.58
	2003	10,079,126	8,305,669	1,773,457	80,000	100,805	180,805	9.81
	2004	9,472,686	8,611,407	861,279	85,000	94,804	179,804	4.79
	2005	9,602,023	8,993,967	608,056	390,000	83,979	473,979	1.28
Wastewater Treatment System Revenue Bonds (serviced by the Sewer Fund)	1996	951,215	806,776	144,439	75,000	112,585	187,585	0.77
	1997	819,463	855,475	(36,012)	80,000	103,472	183,472	-0.20
	1998	1,023,366	840,945	182,421	90,000	97,933	187,933	0.97
	1999	1,286,347	815,054	471,293	95,000	92,112	187,112	2.52
	2000	1,383,236	987,872	395,364	100,000	82,653	182,653	2.16
	2001	1,134,789	939,782	195,007	110,000	73,785	183,785	1.06
	2002	1,350,063	978,433	371,630	115,000	65,865	180,865	2.05
Water System Revenue Bonds (serviced by the Water Fund)	2001	1,032,247	874,736	157,511	0	0	0	
	2002	1,194,673	906,035	288,638	15,000	20,730	35,730	8.08
	2003	1,289,701	1,190,183	99,518	15,000	22,045	37,045	2.69
	2004	2,233,347	1,200,839	1,032,508	15,000	21,460	36,460	28.32
	2005	1,751,019	1,412,083	338,936	15,000	20,860	35,860	9.45

Note A Excludes depreciation and amortization expense.

Source City Records

# CITY OF SOUTH HAVEN

## CONSTRUCTION (Note A)

1995 THROUGH 2004

(UNAUDITED)

Calendar Year	Commercial Construction		Residential Construction		Industrial Construction		Total Construction	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
1995	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	88	\$ 5,504,996	327	\$ 3,208,463	12	\$ 4,234,445	427	\$ 12,947,904
1998	81	2,273,811	354	4,956,068	15	3,092,009	450	10,321,888
1999	42	4,816,060	368	5,380,315	11	1,494,415	421	11,690,790
2000	75	4,322,486	354	7,031,307	24	3,445,976	453	14,799,769
2001	80	5,567,901	314	5,750,413	13	301,423	407	11,619,737
2002	64	4,801,292	333	9,186,942	12	2,690,909	409	16,679,143
2003	75	12,640,640	303	9,909,082	2	606,000	380	23,155,722
2004	94	3,096,319	372	12,319,942	2	394,000	468	15,810,261

**Note A**      **Data unavailable prior to calendar year 1997.**

**Source**      **City Records**

# CITY OF SOUTH HAVEN, MICHIGAN

## DEMOGRAPHIC STATISTICS

1996 THROUGH 2005

(UNAUDITED)

<b>Year</b>	<b>Population (Note A)</b>	<b>Per Capita Income (Note A)</b>	<b>Median Age (Note A)</b>	<b>Education Level</b>	<b>Public School Enrollment (Note B)</b>	<b>Unemployment Rate (Note C)</b>
1996	5,563	N/A	N/A	N/A	2,746	6.6%
1997	5,563	N/A	N/A	N/A	2,786	5.6%
1998	5,563	N/A	N/A	N/A	2,809	4.5%
1999	5,563	N/A	N/A	N/A	2,719	4.0%
2000	5,563	N/A	N/A	N/A	2,628	4.0%
2001	5,021	N/A	42.1	N/A	2,397	4.9%
2002	5,021	N/A	42.1	N/A	2,435	6.4%
2003	5,021	N/A	42.1	N/A	2,466	7.3%
2004	5,021	N/A	42.1	N/A	2,355	6.6%
2005	5,021	N/A	42.1	N/A	2,333	6.4%

Source:

Note A 1990 Census Data/2000 Census Data

Note B Michigan Department of Education (public school system includes area greater than City of South Haven)

Note C Bureau of Labor Statistics



# **CITY OF SOUTH HAVEN, MICHIGAN**

## **MISCELLANEOUS STATISTICS**

**JUNE 30, 2005**

<b>Date of Incorporation</b>	<b>1869</b>
<b>Form of Government</b>	<b>Council/Manager</b>
<b>Number employees:</b>	
Full-time	73
Part-time and seasonal	74
<b>Miles of streets</b>	<b>36.79</b>
<b>Culture and Recreation:</b>	
Parks	10
Park acreage	49
Miles of beach frontage	1.00
Municipal marinas	4
Number of municipally owned boat slips	225
Feet of broadside dockage	600
Number of boat launches	10
Public owned museums	1
Not-for-profit museums	1
<b>Fire Protection:</b>	
Joint venture - South Haven Emergency Services Authority	
<b>Police Protection:</b>	
Number of stations	1
Number of substations	1
Number of sworn officers	20
Number of vehicular units	11
<b>Sewage System:</b>	
Miles of sanitary sewers	37.00
Miles of storm sewers	13.60
Number of treatment plants	1
Number of service connections	3,555
Daily average treatment in gallons	1,350,000
Maximum daily capacity of treatment plant in gallons	2,190,000
<b>Water System:</b>	
Miles of water mains	54
Number of service connections	4,398
Number of fire hydrants	406
Daily average consumption in gallons	1,446,000
Maximum daily capacity of plant in gallons	4,200,000
<b>Electric Distribution System:</b>	
Miles of service	115
Number of service connections	7,500
Number of distribution stations	2
<b>Education:</b>	
Number of public elementary schools (K-5)	3
Number of private elementary schools (K-8)	2
Number of public middle schools (6-8)	1
Number of public high schools (9-12) - (includes alternative ed school)	2
Number of certified public school staff	141
Public school enrollment	2,333
<b>Hospitals:</b>	
Number of hospitals	1
Number of licensed patient beds	82